

PEOPLE

Marcia Haydee Resto Major Role — In U.S. drama and director of the... Marcia Haydee, the leading actress and director of the North American tour in one of the major roles, Tatiana in Eugene O'Neill's "The Iceman Cometh," danced the premiere in 1986...

Royal press spokesman... their hands full with domestic matters lately. In London, the BBC had a field day in barely dry on her divorce from Laurence of the Royal Navy... Queen Elizabeth II is said to be sent by Buckingham Palace...

Frederick's of Hollywood... where looters made of Madonna's purple bustier at the rioting in Los Angeles... Like a Virgin video, I want to do something positive to make up for the damage that was done to Hollywood during the Van Pelt raid.

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PARIS, WEDNESDAY, MAY 13, 1992

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Chief Gates Leads the Swoop Los Angeles Police Seize 3 in Trucker Beating

By Lou Cannon and Avis Thomas-Lester... LOS ANGELES — Police and FBI agents arrested four gang members Tuesday for the savage beating of a truck driver that became a symbol for the riots that rocked the city... The police chief, Daryl F. Gates, who was widely criticized for the police performance in the riots, led one of these "very, very, vicious criminals" would stand in part for the failure of the police to rescue the truck driver...

motorists who were attacked in the south-central neighborhood where rioting broke out hours after a jury acquitted four white Los Angeles police officers charged in the beating of a black motorist, Rodney G. King, last year... The four men arrested Tuesday are members of a black street gang known as 8 Tray Crips, according to a FBI special agent, Charlie J. Parsons. Arrested in addition to Williams were Henry Keith Watson, 27, and Antoine Eugene Miller, 20. Mr. Miller was identified as "an associate" of the gang who has not yet been initiated... A fourth suspect, Gary Williams, 33, turned himself in at the 77th Street police station later in the day...

A Bipartisan Drive to Aid the Cities As Democrats Respond, Bush Pushes Stalled Programs

By Ann Devroy... WASHINGTON — President George Bush and congressional leaders put aside partisan arguments Tuesday to jointly pledge swift action on a package of programs to aid the cities... But fundamental differences remain over how much to spend and how to pay for the effort... The White House said it would declare a budget emergency to gain congressional approval for aid from the Small Business Administration and the Federal Emergency Management Act for up to \$800 million...

for new ones. The increased spending is added, instead, to the deficit... Congressional Democrats had offered their own urban agenda Monday, saying that they and the president "could work together"... In a four-page letter, Democratic leaders appealed for bipartisan support on a broad range of legislation to help cities, including an extension of unemployment insurance, passage of the crime bill pending in the Senate, more transportation spending and expanded housing programs... But funding questions remain unclear...



RUSSIAN HEALTH DEMANDS — Doctors and nurses demonstrating Tuesday near Red Square in Moscow. They threatened to strike if the Russian government did not give them a tenfold pay increase and release funds for hospitals. Their average salary is 1,000 rubles a month, about \$10 on the free market.

U.S. Joins EC In Increasing The Pressure On Belgrade

Ambassador Recalled; 52-Nation Conference Suspends Yugoslavia... By Blaine Harden... BELGRADE — The United States on Tuesday recalled its ambassador from the new Serb-dominated Yugoslavia as Washington joined a Western protest against Serbian military aggression in Bosnia-Herzegovina... As part of that protest, the 52-nation Conference on Security and Cooperation in Europe agreed Tuesday to suspend Yugoslavia until the end of June from all decisions on the future of Bosnia. It was the first time the organization had acted without unanimous consent, with Yugoslavia as the lone dissenter... A Conference declaration criticized Yugoslavia for "clear, gross and uncorrected violations" of its standards on the acceptable behavior of European nations...

Western diplomats here said the U.S. government and the European Community, which on Monday ordered the recall of all its ambassadors, had embarked on a long-term joint strategy to weaken and discredit the hard-line nationalist regime of the Serbian president, Slobodan Milosevic... Diplomats said that if the Serbian leader did not change his policy in Bosnia, where Serbian forces in the past six weeks have seized 70 percent of the republic's territory, the West would use diplomatic isolation and economic sanctions to convince the Serbian people that it was in their interests to topple Mr. Milosevic... The EC on Tuesday withdrew its last 12 monitors from the besieged Bosnian capital, Sarajevo, saying the city had become too dangerous for them to work. Serbian forces had been harassing them for weeks, often stopping them at roadblocks and holding them at gunpoint... Describing Mr. Milosevic as "the slickest con man in the Balkans" and "a Machiavellian figure for whom truth has no inherent value," several angry Western diplomats said Tuesday that Washington and the EC were fed up with arranging cease-fires that Mr. Milosevic and his lieutenants cynically ignored...

Social Democrats Aim at Kohl Amid Latest German Strike Threat

By Richard E. Smith... A new wave of strikes loomed closer in Germany on Tuesday as the country's largest union gave employers an ultimatum to better their pay offer by this weekend or face work stoppages... Meanwhile, the opposition Social Democrats lashed out at the governing coalition and predicted its downfall for failing to rein in soaring budget deficits or deal with pressing social problems... The Social Democratic leader, Björn Engholm, said the coalition's "collapse is programmed" and that his party would hasten its work to complete an election manifesto this summer...

Previously it had been due for completion late next year to be ready for regularly scheduled elections in 1994... On the labor front, IG Metall said it would decide Monday whether to call a strike ballot of its 4 million metalworkers if employers fail to budget from their pay offer of 3.3 percent. A strike could begin as early as May 25, union officials said... The union is asking for 9.5 percent, and the union chief, Franz Steinhilber, said Tuesday that it would not settle for anything below 6 percent... The ultimatum capped weeks of negotiations that have become progressively more heated and bitter. Mr. Steinhilber threatened that a failure to respond by employers would "radicalize the social confrontation to an unprecedented degree..."

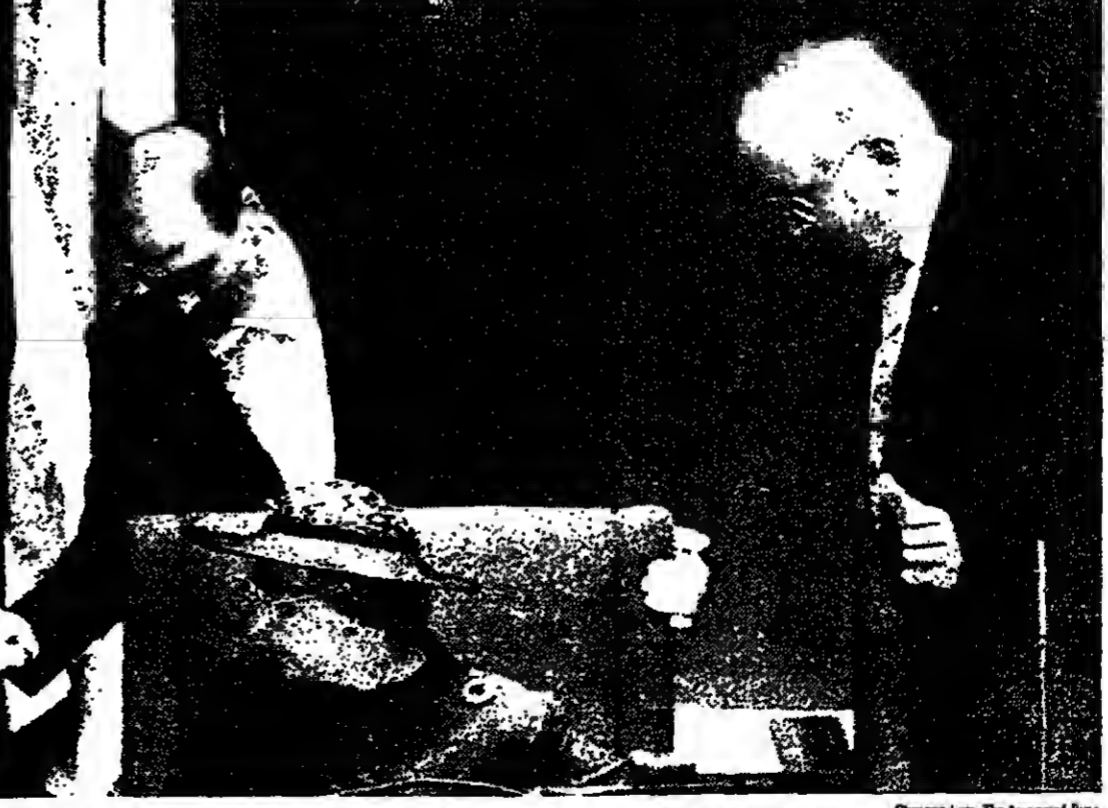
Industrial Association, said Tuesday that he believed that new strikes could not be avoided, and many economists agreed... Several predicted that a strike by IG Metall could well last several weeks and force employers to bring their offer to the range of 6 percent, which the union is effectively setting as a minimum. In 1984, IG Metall struck for six weeks in an action that seriously crippled the country's vital auto and machine-building sector... The threat of new strikes posed a further strain on the troubled coalition government of Mr. Kohl... The 10-year-old government was jarred on April 27 by the resignation of Foreign Minister... See STRIKE, Page 4

taken part in such strikes over the last two weeks... The strike wave was ushered in by public workers, who struck for 11 days before union leaders recommended last Thursday that the rank and file accept an offer of 5.4 percent... Chancellor Helmut Kohl had long asserted that the government could afford no more than 5 percent and said Monday that the final settlement of 5.4 percent, even though negotiated by his own interior minister, could not be taken as a model for the private sector... Even this settlement is not yet assured because rank and file union members must vote this week whether to accept it... Heinrich Weiss, president of the German

Sea Change for Japan Inc.: This Economy Is Different

By James Sterngold... TOKYO — Sadahiko Hidaka recently took a few minutes to tally the costs of Japan's economic downturn on the metal fabrication company he heads... He said he expected his company's sales to drop 20 percent this year from last year's \$15 million because of cutbacks by his customers, which are big manufacturers such as auto, shipbuilding and weapons companies... But Mr. Hidaka said he did not plan to lay off any of his 130 employees or to close a plant. The most visible sign of adjustment may be that Mr. Hidaka has decided not to replace his company's almost-new autos this year... The responses of companies such as Mr. Hidaka's, a subcontractor at the core of Japan's industrial machine, make the looming economic downturn puzzling to many in the West, where a slumping economy means unemployment, plant closings and cost controls... But even if Japan's unemployment rate does not rise much above its current level of 2.1 percent, a powerful sense of anxiety underlies the thinking of most business executives these days. Economists are warning that this could

prove to be the deepest recession in several decades, particularly for Japan's manufacturing sector... Perhaps worse, there are signs that companies such as Mr. Hidaka's face a daunting test because their markets are not simply weak, but changing. The lack of unemployment is concealing other problems, many observers said... "The key thing to be watching is not whether there is unemployment, but whether people are cutting their expenditures," said Richard Koo, an economist at Nomura Research Institute... "That is why we are getting more and more worried about where we are going," he said... "Some indicators may be holding up, but my feeling is that they are barely holding up..." For instance, although nobody is being laid off at Hidaka Seiki Co., Mr. Hidaka's concern, all overtime has been stopped, which means that workers are losing a significant portion of their income and spending power. The company also is squeezing suppliers by placing fewer orders, another blow to wages and spending... The company cannot resort to its old cure-all — an export drive — to bolster sales. Weak markets overseas and political pressure at home... See JAPAN, Page 12



QUEEN, IN STRASBOURG, DEFINES EC UNITY — An usher assisting Queen Elizabeth II before she gave a speech Tuesday to the European Parliament in Strasbourg, her first appearance at that organization in more than a decade. Parliament's president, Egon Klepsch of Germany, is at right. The British monarch promoted EC unity, but with options for disagreement. Page 2.

Belgium Holds A Journalist as Spy for Moscow

By Roger Cohen... BRUSSELS — In a 27-year career as a writer for a leading Belgian newspaper, Guido Kindt developed a reputation as an aerospace expert. So it was not surprising when he recently developed a close friendship with Belgium's first astronaut, who was aboard the Atlantis shuttle that completed a 10-day flight on April 2... So close was the friendship with the astronaut, a physicist named Dirk Frimout, that Mr. Kindt was the only Belgian journalist invited to a party held for the Atlantis crew in Brussels on April 5. Mr. Kindt returned to Houstons on April 7, and three days later was arrested on charges of spying for the former Soviet Union and for Russia... "We were holding our regular morning news meeting when eight policemen burst in," said Mark Deweert, editor in chief of the paper De Standaard. "They had already arrested Kindt at his home, and they came in with him, searched his desk and removed papers. He was a quiet, solid journalist and the last person you'd suspect of anything like this..." Senior officials here said that Mr. Kindt was part of the largest Belgian spy ring broken up since the collapse of the Soviet Union last year. Moreover, the espionage, aimed mainly at military technology and industrial targets, continued unabated under the government of President Boris N. Yeltsin until the arrest of Mr. Kindt and five other Belgians in April... When Mr. Kindt was arrested, four Russians, including two diplomats, were expelled. Two weeks later, on April 23, a Belgian electronics engineer, Alain Brienne, was charged in Paris with spying for Russia. French officials said that... See SPY, Page 4

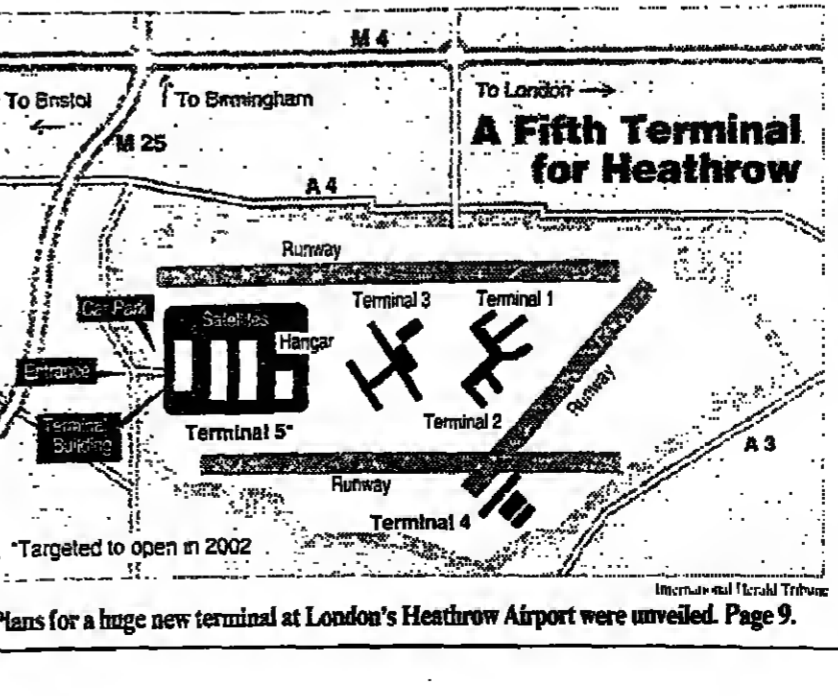
Florida Fishing: The Cast Duel Between Sports and Commerce

By William Booth... NAPLES, Florida — Although they have never met, they have things in common: Both love to fish, and they hate each other's guts... Ray Thornton is a commercial fisherman. Frank Gumpert is a sports fisherman. One man goes to sea in a mulllet skiff, the other in a sleek 32-foot (15.5-meter) Hatteras. The ocean is a sleek enough for both of them... They are the two faces of Florida, the old-timer and the new arrival. Both men are sincere, intense and stubborn, and both believe the other is to blame for the ruination of the state and the depletion of its once bountiful waters... Facts about how many fish there are, and who is responsible for depleting their numbers, are difficult to obtain and frequently in dispute. But Mr. Gumpert and thousands of other sports fishermen contend that men like Mr. Thornton are catching all the fish; they want the commercial fishermen stopped, and they will probably succeed...

"They are disliked by everyone," Mr. Gumpert said of commercial fishermen. "By every segment of society — by the tourists on the beach, the charterboat captains, the wind-surfers, the homeowners. They're an affront to the way the world is now..." "They're rotting the boys," he said. "They're taking everything..." Mr. Thornton said it is all a lie. "It's the damn doctors and lawyers and Yankies that have killed the fishing," he said. "Not me..." Yet, bit by bit, small-scale commercial fishing is disappearing along the coasts of Florida and the rest of the country, a victim of dwindling supplies and conflicting demands, of changing attitudes and changing times. A way of life that some see as wasteful, others as noble, is passing... A powerful Florida coalition of conservation organizations and recreational fishermen seeks a ban on using fishing nets close to shore, just as... See FISH, Page 4

Kiosk Germany and France Outline Military Unit

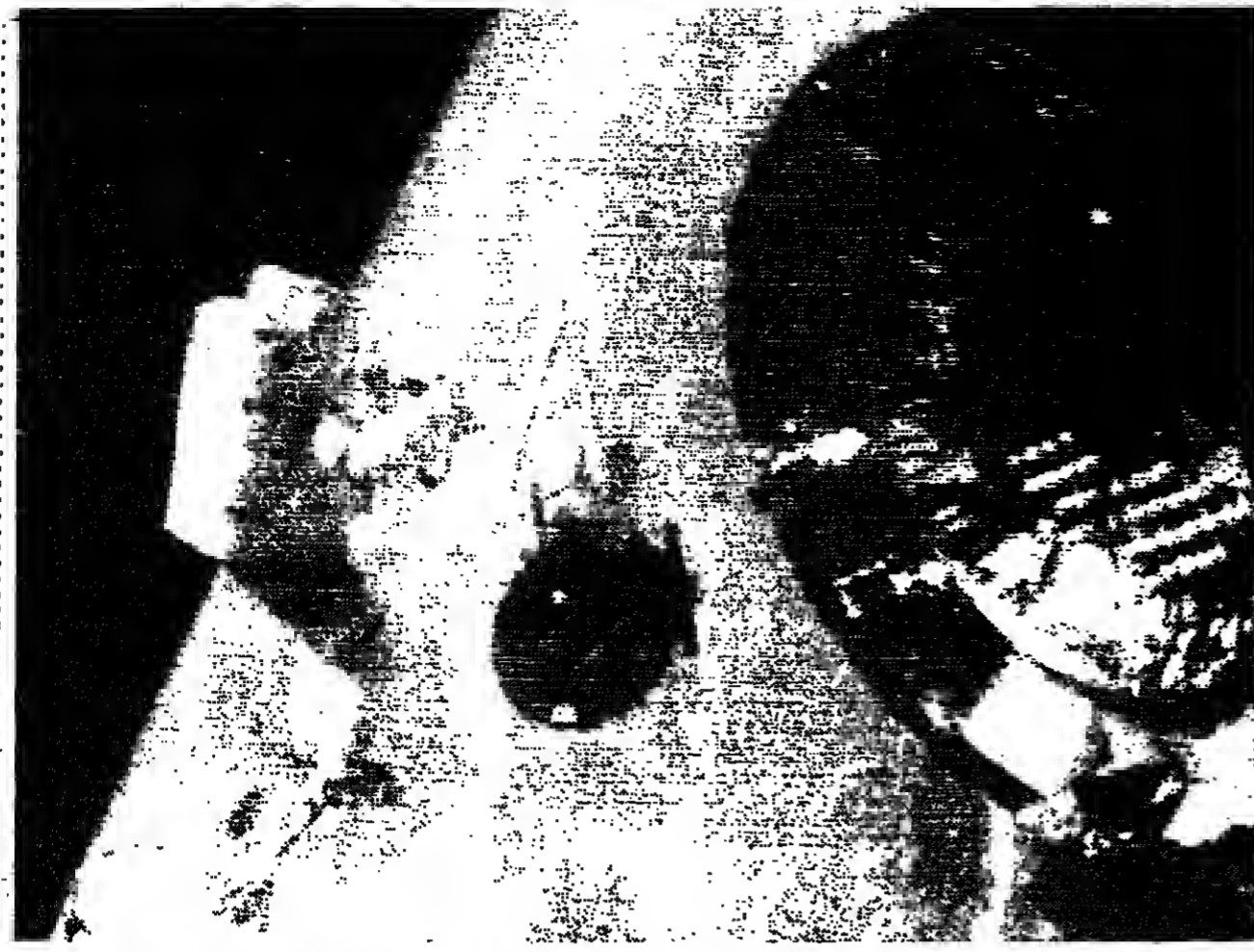
BONN (Reuters) — Germany and France have agreed on the outlines of a joint military corps that would serve as a model for a future European army, Bonn government sources said Tuesday... They said Chancellor Helmut Kohl and President Francois Mitterrand would sign a treaty on the creation of the corps at a meeting in La Rochelle, France, on May 21 and 22. Under the agreement, other EC members would be asked to provide troops for the 35,000-member corps, they added... Dow Close 3,385.12 Down 12.46 The Dollar in New York DM 1.6242 Pound 1.8118 Yen 130.65 FF 6.46



Plans for a huge new terminal at London's Heathrow Airport were unveiled. Page 9.

Table with multiple columns and rows containing various classified advertisements, including 'EMPLOYMENT', 'EDUCATION', 'LEGAL SERVICES', and 'HOLIDAY TRAVEL'.

Table with columns for 'INVESTMENT INFORMATION', 'THE MONEY REPORT', 'S & GUIDES', 'ESCORTS & GUIDES', and 'TURKISH SUSHI'.



Commander Pierre J. Thuot, attached to a robot arm from the shuttle, backing off during one of his attempts to capture the satellite.

2d Maneuver Fails, NASA Plans Final Grasp for Satellite

Compiled by Our Staff From Dispatches

CAPE CANAVERAL, Florida — After two harrowing attempts by shuttle astronauts to capture a huge, spinning communications satellite, NASA said Tuesday that it would try a final spacewalk Wednesday.

Space officials said the attempt might require two astronauts to manipulate the satellite, after an expensive instrument designed to latch onto it failed to perform properly.

The episode comes as the National Aeronautics and Space Administration officials had hoped for a successful salvage mission to drive home how far the shuttle program has come since the explosion of the shuttle Challenger in 1986.

The first attempt to save the satellite, on Sunday, had failed after Commander Pierre J. Thuot of the shuttle's main cabin crew, under pressure as he had intended on his first contact with the satellite, sending it tumbling away.

On Monday, he moved gently into contact with the satellite several times, but a 15-foot (4.56-meter) "capture bar" failed time after time to clamp onto the narrow inner lip

WORLD BRIEFS

U.S. Rejects Pilots' Testimony in U.K.

BIRMINGHAM, England (Reuters) — The U.S. ambassador on Tuesday rejected proposals that American pilots whose "friendly fire" killed British soldiers in a Gulf War incident should testify at a coroner's inquest in Oxford.

Ambassador Raymond G.H. Seitz said he thought the men should not be brought to Britain, adding that there was "likely to be in some respects a circus should these pilots appear."

The inquest focuses on nine deaths that resulted when two U.S. Air Force jets mistook British armored vehicles for Iraqi tanks on Feb. 26, 1991, and attacked with missiles. In written statements, the pilots have said they saw no identification markings on the British vehicles.

Santiago Widens Lead in Manila Vote

MANILA (UPI) — Miriam D. Santiago, a former judge running on an anti-corruption platform, broadened her thin lead over the Aquino administration's candidate, General Fidel V. Ramos, as the counting of votes in the presidential election continued slowly on Tuesday.

The vote Monday was among the most peaceful — and apparently the most honest — in Philippine history, and officials predicted little chance of an immediate coup attempt. With more than 5 percent of the votes reported, Mrs. Santiago led the center with 380,919 votes. General Ramos had 327,527. Eduardo Cojuangco, a close associate of former President Ferdinand E. Marcos, was third with 215,394. Mr. Marcos's widow, Imelda, was running a distant fifth with 131,603 votes.

CIA Orders Release of Oswald File

WASHINGTON (NYT) — Robert M. Gates, director of the Central Intelligence Agency, said Tuesday that he had ordered the release within days of a secret 110-page file on Lee Harvey Oswald's activities before the assassination of President John F. Kennedy in 1963.

The declassification represented a trickle in what could soon be a river of assassination documents to be made public. Mr. Gates announced the voluntary release of the Oswald material during a Senate hearing on legislation to create a review board to speed up the disclosure of an estimated one million documents on the case still in government hands.

The material in the CIA's Oswald file relates to a shadowy period that has been the subject of decades of conjecture by historians and conspiracy theorists, when the former Marine Corps radar technician defected to the Soviet Union in 1959, married a Soviet citizen and redefected to the United States in 1962.

Bush Plans to Attend 'Earth Summit'

WASHINGTON (UPI) — President George Bush announced Tuesday that he would attend a United Nations conference on the environment next month in Rio de Janeiro, ending concerns that his absence would undercut the meeting.

The "Earth Summit," the biggest meeting ever held on the environment, is expected to attract 160 world leaders. The United States agreed to attend the session, scheduled for June 3-15, only after it was able to dictate a draft accord that stopped short of specifying timetables or levels of reductions in gas emissions tied to global warming.

U.S. to Cut Off Food Aid to Lebanon

BEIRUT (NYT) — The United States has decided to discontinue food assistance to Lebanon at a time this country is suffering from the worst economic crisis in five decades, sources associated with the aid program said Tuesday.

The U.S. Aid for International Development has informed the Lebanese government and charitable institutions that food aid will be stopped at the end of this year, the sources said. As many as 185,000 needy families have been receiving American food aid for several years.

The news caused a shock in Beirut because it occurred less than a week after the Lebanese cabinet collapsed after bread riots. The food program has been a grant from the American people. It is sent by AID, and distributed in all parts of Lebanon by the charitable institution known as Save the Children. There was no explanation for the move or its timing.

U.S. 'Pleased' With Mideast Talks

WASHINGTON (Reuters) — The United States on Tuesday defended its decision to exclude Palestinians from talks on Mideast arms control but held out the prospect they may be included at a later date.

As the arms control talks in Washington and economics talks in Brussels entered their second day, the State Department spokeswoman, Margaret D. Tutwiler, said the Bush administration was "very pleased with the process" that the meetings represented despite the absence of some key participants.

Those talks are two of five separate sets of discussions on Middle East regional issues that will take place over the next week. Talks in Vienna will cover water-sharing, those in Ottawa will cover refugees, and those in Tokyo the environment.

Israel expects twice as many Japanese and South Koreans to visit the Holy Land this year than last year, when nearly 8,000 Japanese and about 4,000 Koreans went, the Tourism Ministry said Tuesday.

A Russian passenger ship arrived in Gdansk on Monday from Kaliningrad, opening the first sea route between Poland and the Russian Baltic enclave since 1945. The Dagonys will make three weekly trips between Gdansk and the port of Sviyeliy, 5 kilometers (3 miles) from the capital of the enclave. Kaliningrad is sandwiched between Lithuania and Poland, but has no border with the rest of Russia.

South Africa unveiled a three-year plan on Tuesday to bolster tourism and make South Africa the world's No. 1 "ecotourism." A white paper said that South African scenery, fauna and flora, should be marketed abroad and that primary targets should be Britain, Germany, the United States and France.

TRAVEL UPDATE

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A U.K.-Vietnamese Pact to Force Refugees Home

By Laurence Zuckerman
International Herald Tribune

HONG KONG — Britain and Vietnam signed an agreement Tuesday clearing the way for the forced return of tens of thousands of Vietnamese refugees detained in camps in Hong Kong.

The accord, signed in Hanoi by Peter Williams, Britain's ambassador to Vietnam, and Bui Dinh Minh, deputy director of the Consular Department of the Vietnamese Foreign Ministry, ended months of delicate negotiations after Hong Kong resumed forced returns on a limited scale late last year.

A joint statement said simply that Britain, Hong Kong and Vietnam "agreed on the repatriation of those Vietnamese illegal immigrants who have not qualified for resettlement in third countries" and that the forced returns would be "conducted under conditions of order, safety and dignity."

Alistair Asprey, Hong Kong's secretary for security, said a flight carrying between 50 and 60 refugees would leave the colony in late June and predicted that it would take as long as four years to repatriate the 50,000 refugees now residing in the camps at the rate of 1,000 a month agreed to by Vietnam.

He stressed that the Vietnamese government had guaranteed that returning refugees

would not be persecuted and that all returns would be regularly monitored after their arrival by the United Nations High Commissioner for Refugees.

Hanoi agreed to the forced repatriation of all refugees in principle in October. But at that time it said it would accept the return of only those who arrived in the colony after Oct. 29, the date of the accord, and so-called double-backers — refugees who volunteered to return home and then made their way back to the colony.

In November, 59 such new arrivals and double-backers were forced home against their will. The incident attracted international attention when several struggling refugees stripped off their clothes and had to be carried onto the plane by dozens of Hong Kong police officers.

Two more flights, in December and February, went more smoothly, forcing a total of 123 new arrivals and double-backers back to Vietnam.

Since then, only a handful of refugees have arrived in the colony, and Hong Kong officials have been eager to work out a plan to begin repatriating the more than 22,000 Vietnamese who have been designated as economic migrants rather than bonafide political refugees.

Vietnamese authorities were reported to be holding out for financial assistance from Britain in exchange for accepting the returnees. But Hong Kong officials insisted that the refugees were already receiving a resettlement allowance from the United Nations, while Vietnam itself is being aided by a \$120 million European Commission program designed to improve economic conditions in the country's most depressed regions.

Mr. Asprey said that the new agreement did not include any additional financial assistance to Vietnam, but he said that the Hong Kong government would be prepared to consider providing some in the future if the agreement seemed to be meeting its objectives.

Clinton Leeks, the government's refugee coordinator, said that given Vietnam's poverty, its concern over how it would absorb the returnees was understandable. But he said that Hanoi finally agreed to accept them because it was eager to bury the past and improve its relations with both Britain and Hong Kong.

"They are talking to us about air rights, trade and other such things," he said, "but at the top of the list every time we meet are the 'boat people.'"

Washington has repeatedly voiced its opposition to forced repatriation of Vietnamese, but it has not actively protested the Hong Kong government's recent actions.

[The UN High Commissioner for Refugees — which opposes forced repatriation — reacted by issuing a statement saying it hoped Vietnamese nonrefugees would choose to return home voluntarily, Reuters reported from Hong Kong.]

Mr. Asprey said repeatedly that the point of the new accord was to reinvestigate the colony's voluntary repatriation program by making it clear to the refugees that their return to Vietnam was inevitable. Nearly 18,000 refugees have returned home voluntarily since March 1989, but the number, which reached as high as 1,000 a month after last year's forced repatriations, has slowed to a trickle in recent months as many Vietnamese apparently have regained some hope that they will be able to remain in Hong Kong or be resettled in a third country.

Mr. Asprey refused to say what level of force would be used if the authorities encountered resistance.

He declined to say whether the incident in November was conducted with dignity, as laid down in the new agreement.

Hong Kong Pins Crime Wave on Mainland Gangs

By Daniela Deane
Washington Post Service

HONG KONG — Hundreds of shoppers and lunch-hour pedestrians dove for cover on one of Hong Kong's busiest streets recently as six armed thieves fired at the police before hijacking a taxi and getting away with \$1.3 million in gems and gold.

A week later, the police paralyzed the British colony's international airport after a bloody robbery suspect sought refuge in the departure lounge following a shoot-out with the police.

A couple of weeks after that, the worst gunbattle between the police and criminals in Hong Kong history wounded 17 people, including five policemen and three

schoolgirls. The thieves fled down crowded streets, hijacking vehicles, firing high-powered weapons and throwing hand grenades among midday shoppers.

Suddenly, Hong Kong, widely regarded as one of the world's safest cities, looks more like Dodge City.

Residents are worried that the breakdown of law and order they had feared would happen with the 1997 takeover of the colony by China may already be happening.

There have been 22 armed robberies in Hong Kong so far this year, twice as many as occurred last year. Many of this year's attacks have been during daytime raids on the colony's gold and jewelry shops.

Although the police insist there is no collapse of law and order, the authorities concede that the main reason for the increase in these high-profile crimes is the increasing integration of the territory with neighboring southern China.

The police say the recent spectacular crimes in the territory were committed by gangsters from mainland China, who were recruited by Hong Kong criminal syndicates.

"Hong Kong people are the brains behind the operations," said a police spokesman, Eric Lockyear. "They hire the getaway cars, the drivers, they case the place, put up the money to fund the operation. Then they go to China, or get someone else to go, to recruit the men to actually commit the crime."

Detectives say some of the mainland Chinese gangsters are former soldiers from China's People's Liberation Army, who are sought out by Hong Kong criminal elements because of their experience in using firearms. The robbers carry out their operations in groups of four to six, and often appear to have had military training.

The police say all of the weapons used in the robberies also come from the mainland. None of the firearms seen in the robberies is available in Hong Kong, where strict gun control laws prohibit private citizens from owning firearms.

Experts say the solution to the problem lies over the border in China, which is experiencing its own explosion in violent crime.

Small EC Nations Put Up Their Guard Against Smaller Role

By Charles Goldsmith
International Herald Tribune

BRUSSELS — Tensions within the European Community are running so high as it prepares to add new members that even rumors can send a seasoned diplomat into a most undiplomatic tantrum.

The Danish foreign minister, Uffe Ellemann-Jensen, pulled no punches when he warned that the EC Commission president, Jacques Delors, could soon be looking for new work unless he thronged talk of an EC power shift away from the smaller countries.

"I ask myself what Delors plans to do after the 1st of January 1993," said Mr. Ellemann-Jensen, a 10-year veteran who becomes dean of the EC foreign ministers when Germany's Hans-Dietrich Genscher steps down next week after 18 years. "If he doesn't get these rumors stopped, he's in trouble."

The Danish minister, a former television

journalist, clearly knows a good sound bite when he sees one, and Monday's threat at an EC foreign ministers' meeting was by no means his first memorable remark. Last year, he said France was "living on a different planet" when it blocked beef imports from Eastern Europe.

Emotions quickly returned to earth after the beef brothaah, and nobody really believes that Mr. Delors will be denied a new term in office when his current tenure expires at the end of the year. Most EC countries feel a change in command would be disastrous while new treaties adopted at last year's Maastricht summit meeting in the Netherlands have yet to be ratified and put into effect.

Denmark's June 2 referendum on Maastricht, now trailing slightly in a new poll

apparently was behind Mr. Ellemann-Jensen's outbursts about Mr. Delors.

But his comments also seemed to sum up sentiments shared by several of the EC's smaller nations since reports surfaced that the Commission's draft blueprint for enlarging the Community would strengthen the EC executive agency while diluting the rotating six-month presidency system so savored by the smaller countries.

"We feel strongly that the current presidency system should not be changed," an Irish diplomat said at a meeting of EC foreign ministers in Portugal earlier this month. "It brings in a fresh breeze every six months which brings new energy. The smaller countries are in fact often very effective because they have no ax to grind."

The Commission feels just as strongly that the current 12-nation Community is already unwieldy at times, so a significant streamlining of the decision-making apparatus is essential if the EC is to expand to

25 or more nations in the next couple of decades.

Mr. Delors can already hear the laughter in other world capitals as they prepare for a visit by a future lightweight EC troika — the past, current and next presidencies — of Liechtenstein, Lithuania and Malta.

Portugal now holds the presidency for the first time since it joined the Community in 1986, and assessments of its performance are perhaps predictably split along big country-small country lines.

Larger nations say Portugal has timidly conducted negotiations over a new five-year EC budget, even though Lisbon stands to gain handsomely from the package's generous outlay for the Community's four poorest nations.

Smaller EC countries say Portugal has been scrupulously fair in the budget talks, and blame the slow pace on Britain and Germany's reluctance to contribute more.

Responding to charges that the Portu-

The Weather



Region	Today	Tomorrow
North America	Toronto will gradually warm up each day Thursday. Snow showers through Saturday. Boston, New York and Washington, D.C. will be dry with warm showers through the end of the week. Next-rainest heard with high humidity will be the rule in Houston.	Seattle will have plenty of sunshine Thursday. After a few morning showers, the sun will return to Tokyo. A thunderstorm will taste Sunday Bangkok and Seoul. Heavy rain and strong winds will have a strong show Thursday. The sun will be back by Friday.
Europe	Paris will be partly sunny, breezy and mild. Copenhagen, Prague and Shanghai will have a strong show Thursday. The sun will be back by Friday.	
Asia		
Africa		
Latin America		
Middle East		
Oceania		

Queen Backs EC Union, With Options

Compiled by Our Staff From Dispatches

STRASBOURG, France — Queen Elizabeth II, delivering a strongly pro-European speech to the European Parliament on Tuesday, said Britain welcomed European integration but urged that there be room for disagreement within the Community.

The speech, the first the queen has made at the Strasbourg parliament, reflected the policies of Prime Minister John Major, to put Britain "at the heart of Europe."

She cited the EC's political and monetary union treaties, which the EC leaders signed in December, as striking "the necessary balance" between conflicting interests of the 12 EC states.

In that treaty, due to take effect next year, Britain is allowed to opt out of monetary union and will not take part in crafting EC-wide social and labor legislation.

"The founders of our Community did not envisage a comfortable club, with closed doors, but a challenging environment where members were exposed to different points of view," the queen said.

The queen urged the Community to be open to newcomers. "New members are knocking at the door," she said. "We should be confident of opening it to them, for with each enlargement the Community has become stronger."

The monarch, the sixth EC crowned head to address the assembly, stressed the need to preserve Europe's different political

cultural traditions within a family of nations guided by tolerance and mutual support.

"We are all trying to preserve the rich diversity of European countries because if that diversity is suppressed we shall weaken Europe not strengthen it," she told a packed chamber.

In a passage that upset some right-wing members of Mr. Major's Conservative Party, the queen said differences of style and opinion between national parliaments were "insignificant against the background of the proven commitment of Europeans today to reconciliation and democracy."

But, echoing the views of Mr. Major's government, she also made clear that the Strasbourg parliament's role was secondary to that of national assemblies.

"By your deliberations and well-considered decisions you reinforce the work of national parliaments," the queen said.

A partial account of her remarks

Kohl Pushes for Authority To Send Soldiers Abroad

Agence France-Press

LEIPZIG, Germany — Chancellor Helmut Kohl reiterated on Tuesday his goal of reviving Germany's constitution so that the country can take part in Gulf-type military operations.

"No one will take us seriously if we are only content to take part in United Nations 'Blue Helmets' missions," Mr. Kohl said, referring to UN peacekeeping operations.

"Germany cannot and must not back its duty of taking an equal role in operations to maintain or restore peace and international security," Mr. Kohl said.

He spoke at the annual congress of the Bundeswehr, the federal armed forces.

Mr. Kohl launched the idea of a wider military role for Germany at the height of the Gulf War, when his government was rebuked by members of the anti-rac coalition for making a parody response to their campaign.

Germany pumped billions of dollars into U.S. British and French coffers, but could not take an active military part because of its 1949 constitution, which bars the sending of troops outside the territory of the Atlantic alliance.

Mr. Kohl needs the support of the opposition Social Democratic Party to change the constitution. So far, the party has agreed only in principle to amending it.

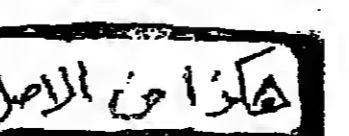
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LD BRIEFS

lots' Testifying in U.S. (Reuters) — The U.S. ambassador...

as Lead in Manila Vote

D. Santiago, a former judge running...

lease of Oswald File

Robert M. Gates, director of the...

Attend 'Earth Summit'

President George Bush announced...

Food Aid to Lebanon

United States has decided to...

With Mideast Talks

The United States on Tuesday...

EL UPDATE

Japan and South Koreans to...

U.S. Tax Quarrel Delays

Lottery Syndicate Payment

WORLDWIDE ENTERTAINMENT

CRAZY HORSE

North America

Latin America

Asia

Africa

Europe

Oceania



FIRST LADIES MEET — Nancy Reagan, left, and Raisa Gorbachev comparing Fabergé pendants they received during the 75th anniversary party for Forbes Magazine in New York City.

AMERICAN TOPICS

Texas Lawyers Don A Liability Shield

With legal malpractice lawsuits multiplying and the U.S. government chasing down law firms involved in the savings and loan debacle, Texas lawyers have come up with new armor: the limited liability partnership (LLP).

With Mideast Talks

The United States on Tuesday...

don't believe we're bulletproof. So we want to do everything we can to protect ourselves."

Short Takes

Alaskans' risk of getting killed at work is nearly five times greater than that of workers in any other state, according to the National Institute of Occupational Safety and Health.

Passed by the Texas legislature last year, the statute allows law firms to become "LLPs" to protect the personal assets of uninvolved partners when a malpractice case is filed against their colleagues.

Most law firms are general partnerships. If insurance fails to cover a malpractice judgment, all the partners are personally liable. Not surprisingly, many of Texas' largest law firms have rushed to add LLP to their letterheads.

resolution, by John Boehner, Republican of Ohio, calls on Congress to express its opinion that the amendment is now ratified.

The "sophisticated alumnus" of Marlene Dietrich, who died last week at 90, was defined by Charles Champlin of the Los Angeles Times as the "slightly mocking of sex as a game and leaving no doubt that what really counted was a woman's spirit — mysterious, amusing, intelligent, provoking thoughts of partnership rather than conquest (until, perhaps, the genius said that they had been conquered)."

The adjective "American" was included in the names of 62 new food products introduced in the United States last year, according to New Product News.

Forty-seven new products, from dips to chips, identified with Texas. But not one bore the name of New Jersey. The New Product News editor, Martin Friedman, said, "I've been doing surveys on new products for 27 years, and I can't recall a product being named after New Jersey."

Residents and local merchants complained that the police were slow to respond to the disorder after making the arrest that set off the unrest.

El Salvador Carbs Electricity

SAN SALVADOR — El Salvador Monday instituted six hours a day of electricity rationing. Last year's drought is expected to force the biggest hydroelectric facility to stop production in a week.

An Arrest Touches Off Violence in U.S. Capital

Compiled by Our Staff From Dispatches WASHINGTON — Uproar touched off by the arrest of a man for fighting in a restaurant...

The police responded overnight to scattered incidents of bottle-throwing and small fires and made eight arrests for disorderly conduct in the multiethnic Mount Pleasant neighborhood, about two miles (three kilometers) from the White House and just east of the National Zoo.

A truck was set on fire, but several hundred police patrolling on foot and in cruisers maintained control.

The outbreak Monday, in which dozens of people threw rocks and bottles, set small fires and looted a convenience store, began about midnight when a group of bystanders argued with police officers as they arrested the man for fighting.

While Mount Pleasant is largely populated by Hispanic immigrants, it is also one of Washington's most culturally diverse neighborhoods.

On Monday, local community leaders organized civilian patrols and asked stores and restaurants not to sell alcohol after 3 P.M. and the police blanketed the neighborhood with dozens of extra officers.

The Mount Pleasant commercial strip was filled Monday with police, including 20 motorcycle patrols, additional foot patrols and six patrol cars.

No curfew was imposed, but community leaders vowed to cut short any unrest.

Residents and local merchants complained that the police were slow to respond to the disorder after making the arrest that set off the unrest.

El Salvador Carbs Electricity

SAN SALVADOR — El Salvador Monday instituted six hours a day of electricity rationing. Last year's drought is expected to force the biggest hydroelectric facility to stop production in a week.

U.S. Delayed Report on the Wage Gap

By Jason DeParle New York Times Service WASHINGTON — The government has released a report showing that the percentage of full-time workers who earn less than \$12,195 annually grew sharply in the last decade, a period of economic expansion that brought new prosperity to the affluent.

The report, compiled by the Census Bureau, was quietly made public after bureau officials argued for months over how much attention to draw to the findings.

Dated March 1992, the report was officially released Monday only because government printers had begun last week to distribute it through the mails.

"It is unusual — indeed, unprecedented, in my experience — to have such a delay," said Daniel Weinberg, chief of the bureau's division of Housing and Household Statistics, which wrote the report.

Mr. Weinberg fought unsuccessfully to have the report issued with a news release, highlighting its findings. But public affairs officials first refused, and then drafted several releases that the report's author, John McNeil, a Census Bureau statistician, rejected as unacceptable.

Asked why there was a sensitivity to its findings, Mr. Weinberg said, "This is not good economic news. Any administration would be sensitive about economic news."

But Karen Wheelers, chief of the bureau's public information office, said political considerations played no role in her decision about when or how to make the report public. She said she decided that its findings were too similar to a report issued in February to merit its own news release.

The dispute is an unusual one for the Census Bureau, which has tried to preserve a reputation for staying out of politics, and researchers said Monday that they hoped it was out of a sign of things to come.

Both Mr. Weinberg and Ms. Wheelers are civil servants, not political appointees.

The report found that the percentage of full-time workers who earned less than \$12,195, or \$6.10 an hour, for someone working 40 hours a week 50 weeks a year, declined in the 1960s, was stable in the '70s and rose sharply in the '80s.

Those numbers, which are expressed in 1990 dollars and adjusted for inflation, are meant to approximate the salary a worker would need to lift a family of four out of poverty.

In 1979, 12.1 percent of all full-time employees earned below \$12,195. By 1990, that figure had risen to 18 percent.

The increasing likelihood of earning \$6.10 an hour or less was shared by a broad range of Americans: men and women, whites and minority members, married couples and single parents, and those with and without a high school education.

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After Riots, Californians Set Gun Sales Record

Los Angeles Times Service LOS ANGELES — Spurred by public fears after the worst rioting in Los Angeles history, handgun sales in California are on a pace to set the highest one-month total since records were first compiled in 1972, a state Justice Department official said.

Gun sales numbered 16,000 in California for an eight-day period immediately following the rioting, compared with 10,500 for the same eight days in 1991, said Shelley Rife, a manager in the Justice Department's Firearms Program.

Handguns were especially popular, accounting for 11,300 of the 16,000 total sales, she said.

At the current rate, the volume could surpass the single-month record of 38,040 handgun sales set in March of 1981, when a state ballot measure was being proposed to severely restrict the sale of handguns, Ms. Rife said.

Gun shops in Los Angeles, where an edgy public feared further outbreaks of rioting as National Guard troops were withdrawn from the streets, reported sales increases of 50 percent to 500 percent in the first few days of May. Some shop managers said they were having difficulty keeping popular

handguns, rifles and shotguns in stock.

"They're buying everything from shotguns to 9 millimeters," said the manager of a store in the San Pedro harbor area, where gun sales were three or four times higher than normal. "It's scary. They're buying guns they're going to carry on them. A lot of people are scared; now they're going to defend themselves. Some of these people have never held a gun or even seen a gun up close."

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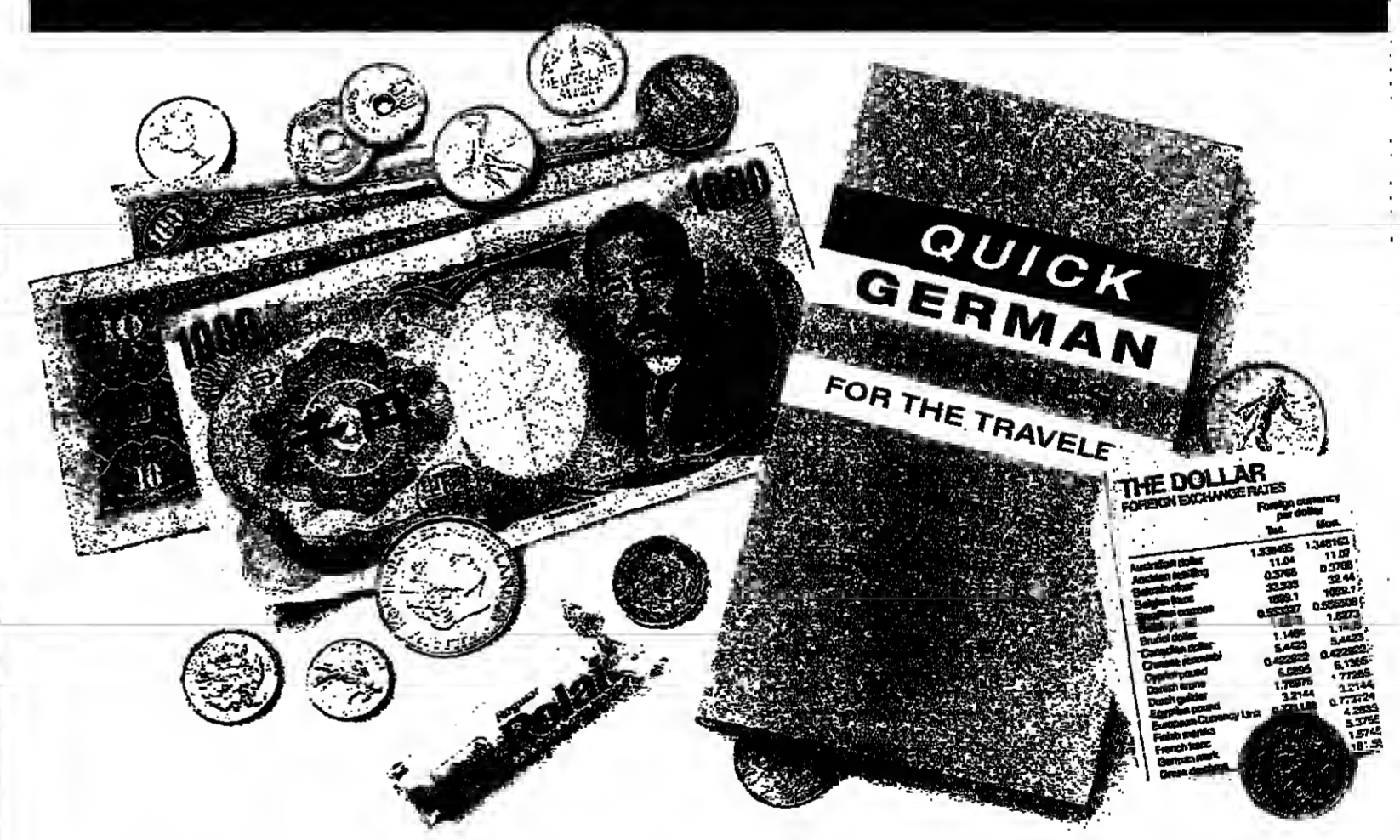
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Table with columns for country, Sprint Express Access Number, and international dialing instructions. Includes countries like Argentina, Australia, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, Denmark, Dominican Republic, Ecuador, El Salvador, Finland, France, Germany, Guatemala, Hong Kong, Hungary, Indonesia, Ireland, Israel, Italy, Japan, Korea, Liechtenstein, Malaysia, Monaco, Netherlands, New Zealand, Norway, Peru, Portugal, Puerto Rico, San Marino, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, Vatican City, Venezuela, and Venezuela-Spanish.

Chief of Teamsters Endorses Clinton

Union Is Told Past Support for Bush Brought Nothing

Compiled by Our Staff From Dispatches SAN FRANCISCO — The head of the Teamsters union has endorsed Bill Clinton's candidacy, giving a boost to the Arkansas governor, who is favored in Tuesday's presidential primaries in Nebraska and West Virginia.

President George Bush, who has clinched the Republican nomination, and Mr. Clinton were heavily favored in both contests, where a total of 56 Democratic and 42 Republican delegates were at stake.

President Röö Carey urged Teamsters to back Mr. Clinton for the Democratic nomination for the president. "The last 12 years it's

been Reagan, Reagan and Bush," he said. "I think that was wrong. What did we get for that support? Nothing."

Mr. Carey opened a two-day national conference of the union in San Francisco on Monday by criticizing the Bush administration.

"George Bush has pursued an economic policy that has put millions of Americans on the unemployment line, with little hope of finding good, secure jobs," Mr. Carey said. "Those unemployed are a constant reminder that if you don't want to work on a corporation's terms, someone else will."

The conference was to vote on an endorsement Tuesday, but Mr. Carey said the final word would not come for "three or four weeks" after a poll of 2,000 to 3,000 general members.

Mr. Clinton told Teamster leaders he would begin a three-stage attack to try to bring life to the nation's sluggish industrial sector. He said he would give labor a far greater voice on the National Labor Relations Board and sign into law legislation outlawing the hiring of replacement workers for strikers.

U.S. Tax Quarrel Delays Lotto Syndicate Payment

Washington Post Service RICHMOND, Va. — After winning its bid for a record \$27 million Virginia lottery jackpot, an Australian gambling syndicate has yet to collect a dime because of a squabble with state and federal officials over whether it owes taxes on the prize.

The Internal Revenue Service and the state Taxation Department have instructed the lottery director, Kenneth W. Thorson, not to make the first of 20 annual payments to the International Lotto Fund without first withholding more than a third of the award — a 30 percent cut for U.S. government taxes and 4 percent more for the state.

The Melbourne-based lottery fund countered that a treaty between the United States and Australia dictates that it does not owe

any federal taxes, and that there is no basis in Virginia law for withholding state taxes. In other words, the group says it owes nothing except whatever tax may be due in Australia.

The state lottery agency is happy to let the dispute linger on: It is collecting \$160 a day in interest while the lottery fund's Richmond attorneys seek to change the minds of tax authorities about how much of the winnings from the Feb. 15 drawing must be withheld.

The Australians are growing impatient with the delay, said their attorney, Patricia M. Schwarzschild. "They're quite anxious to get this over with."

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is? Or Lyon?

and should not discount "a phenomenon... include."

ment of Mr. Tapie to solve urban problems... among Arab youths.

ere a few years ago asking for more... he would take us out for an excursion... "Well, we're still waiting for our... anything else he has promised."

the backlash also are becoming clear... Front posted its best showing in... elections by capturing nearly a quarter... the Marseille area. The Front favors... immigrants and wants to grant France... basis of blood ties rather than residence... time, a Marseille sociologist, said that... its support came, ironically, from the... Ferruguese, Spanish and Italian... further anti-Arab resentment and feel the... strategy may be jeopardized.



when the Los Angeles rioting began

Drive to Aid the Civil

with... and other standards would be... eligible.

Congress and the White House... already disagree over how... such zones would cost, since... provide a variety of tax benefits... induce businesses into areas... would normally shun.

Democrats put the cost in... tax revenue much higher than... White House does, and Mr. De... man said Monday that the... would produce another... of debate over the costs. But... and White House... and the consensus around... such zones was... on any other current... program.

of Ukraine Summit Trip

He is lagging behind... represents the old thinking... the president to the guarantor... integrity of Tajikistan,"... Muslim leader, Qazi Akbar... according to the... news agency. "We fear his... would lead to disorder... in the republic."

Royal Muslim groups... Tuesday in the southern... of the republic. Dushanbe... met at a military base... Tajikistan's new 24-member... government.

Disorder and fighting... in several conflicts in... republic. Armed... surrounded the Azerbaijani... building in Baku, according... wire reports, to protest... Azerbaijani military fighters.... hands of Armenian fighters.... Armenian have been... with Muslim Azerbaijanis for... of Nagorno-Karabakh... mountainous enclave within... region that is populated largely... ethnic Armenians.

Azerbaijani troops shelled... towns and villages along... border with Armenia, killing... and wounding 12, the... news agency reported Tuesday.

And at least four people... fighting between Georgian... and the breakaway republic... South Ossetia, according to... news reports.

Russian officials are hoping... the Tashkent meeting will... agreements on the rights... individuals and ethnic... With as many as 25 million... ethnic Russians living... but within the former... Union, the issue is of... concern to Mr. Yeltsin and his... men.

Officials also hope to sign... treaty promoting... among the new... of the commonwealth... republics.

Defense ministers of the... met in Tashkent... to work out a proposal... a new security alliance to... place of the united armed... of the former Soviet Union.

Ukraine had hoped that... meeting would take up the... of division of Soviet... and military assets, an... that Mr. Yeltsin declined to... during the last summit... in Kiev in March.

But Ukrainian officials, who... send Prime Minister Viatcheslav... to Tashkent, could get no... that the matter would... raised this time either.



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Herald INTERNATIONAL Tribune

Corazon Aquino's Gift

Corazon Aquino is decidedly out of vogue now. About to step down as president of the Philippines after a six-year term, she is dismissed for having failed to banish corruption, forge ahead on land reform and otherwise show leadership and catch up with her country's more hard-charging East Asian neighbors.

she hands on power to an elected successor is her substantial achievement. The cast of characters running to replace Mrs. Aquino had the look of a novel. It included an old Marcos crony who is her cousin; the son of a World War II collaborator; the illegitimate son of a penal colony superintendent; the military officer who, at a crucial moment of her political passage, defected to her in 1986; the widowed Imelda Marcos, returned from exile. It will take a few days to see who has won. The winner can expect much less than a majority of the total vote and will have to bargain with some of the losers for the support needed to govern — not a happy prospect.

Somalia, Too, Needs Help

The United States and the international community face a severe test in Somalia, where the worst human tragedy in the world is taking place. Civil society has been replaced by mobocracy, barest subsistence has given way to scavenging, and starving mothers can only wail helplessly while their children die.

Yet, the administration hid behind the excuse that Congress would not tolerate such a financial commitment in an election year. The United Nations was left with little choice but to fall back to a paltry force of 50 unarmed observers to monitor a UN-negotiated cease-fire between the warring factions.

AIDS and Black America

Bizarre as it may seem to most people, many black Americans believe that AIDS and the health measures used against it are part of a conspiracy to wipe out the black race. A survey of black church members in 1990 found that an astonishing 35 percent believed that AIDS was a form of genocide.

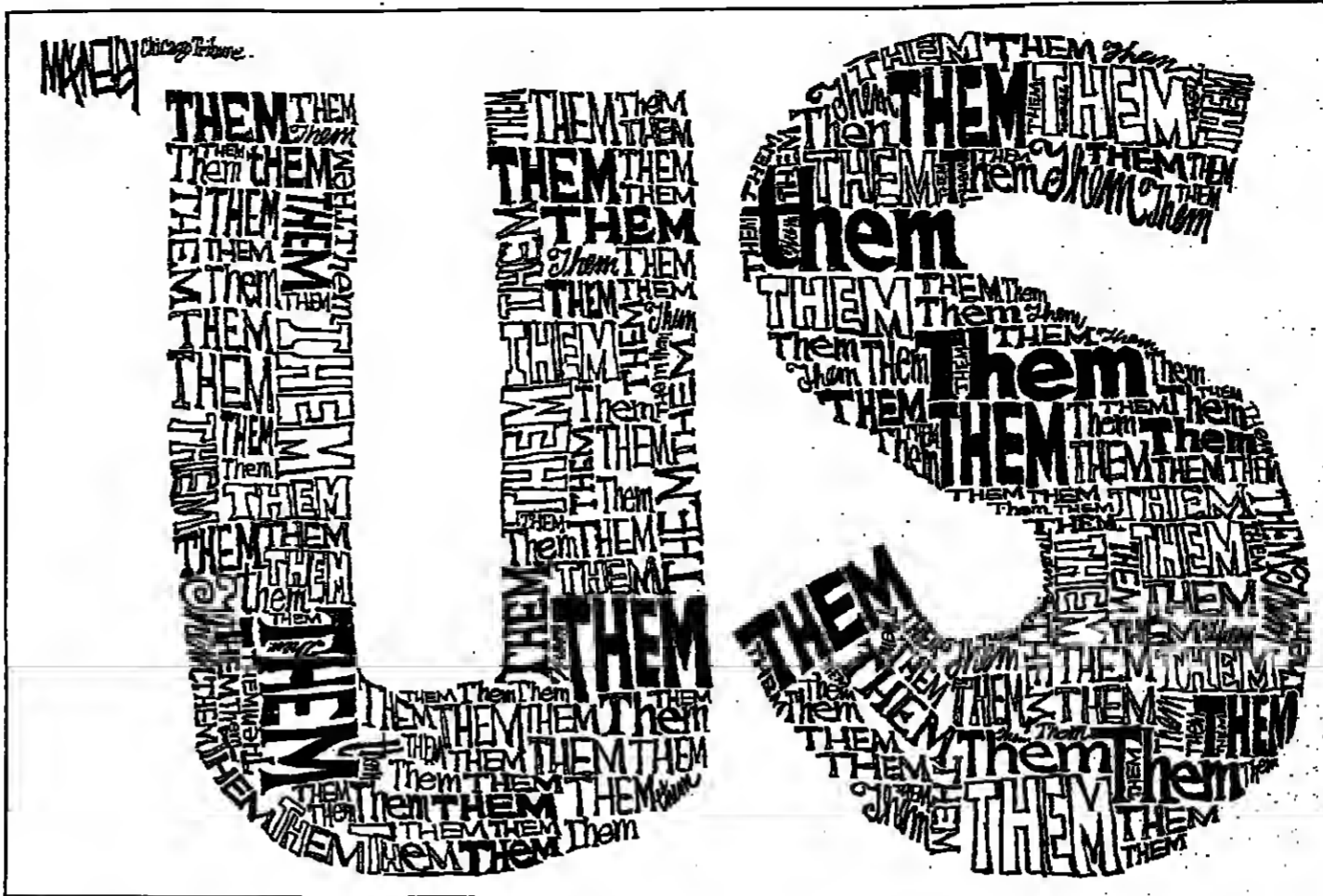
No programs, even if well financed, will succeed without a change in attitudes. Thus it is welcome news that the New York State Health Department, with the help of black politicians and community leaders, has started a media campaign to encourage blacks to mobilize against AIDS.

Other Comment

Will Anyone Rescue Bosnia? Regardless of who starts civil wars, outsiders often have a legitimate stake in ending them. The European Community does not act as one in military matters. The United Nations is the least endowed with arms and money.

political reasons for going nuclear. Certainly, the North has been taken more seriously since the nuclear issue arose. A bomb in Pyongyang's hands could offset the perceived threat of U.S. nuclear weapons, compensate for the loss of Moscow as a reliable ally, and give the North a low-cost strategic equalizer to the conventional military strength of the South.

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Who Says Nuclear Deterrence Has Ceased to Work?

WASHINGTON — Strategists have a new worry. The threats to peace in the post-Cold War world will not be stifled Russian and Chinese bureaucrats but mercurial Third World dictators like Saddam Hussein, Moammar Gadhafi and Hafiz Assad. The old strategy of deterrence may not work with these men, the strategists fear. They are viewed as lacking violence, so irrational, so bent on confrontation that they may fail to make any prudent calculation of the retaliatory destruction they will face if they launch an attack. They may be, in the language of nuclear strategists, "undetectable threats."

Seoul Might Prefer to Live With a Pyongyang Bomb

CANBERRA — One of the most sobering lessons of the Gulf War has been the realization of just how inadequate are the so-called safeguards provisions of the Nuclear Nonproliferation Treaty. Iraq's declared nuclear facilities were subject to regular inspection by the International Atomic Energy Agency because Iraq, like North Korea, is a party to the treaty.

1892: Diplomatic Queen

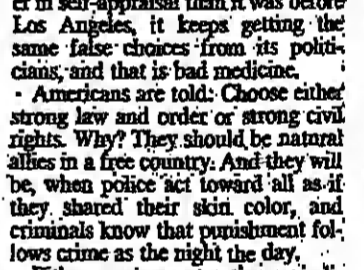
PARIS — On her return to England the Queen immediately sent for Lord Salisbury and Mr. Balfour. No doubt Her Majesty has something agreeable to say to each of them, for she likes her present advisers. The monarch takes care to show no preferences and Queen Victoria is more cautious than she was in her earlier days when she had a very decided dislike for Lord Palmerston, and did not hesitate to let it be seen.

1942: Olive Oil in Tanks

MOSCOW — [From our New York edition:] The German Army is using olive oil as a lubricant in tanks, trucks and other motorized equipment, according to a report issued here today [May 13] discussing shortages of strategic raw materials in Germany and German-occupied countries. Olive oil, which is expensive, but not as good as mineral oil, has been found in equipment recently captured by the Red Army. The report published today in Pravda estimates that the German Army uses 1,000,000 tons of oil on the Russian front monthly.

More Pain To Banish This Grief

NEW YORK — When I was young, frozen into a full-body plaster cast by bone disease and hurting, I tried to bribe God. I said I had come to understand my true value and goal — to walk again and achieve the absence of pain. If He allowed me that, or just showed me how, then I would no longer worry about things like college grades, or getting a job someday, or how I did achieve what I sought. Then as soon as I was out of the wards I began to fret about everything I had promised to leave behind: I would I get good marks, who would ever love me and for what, and who would love me? Now I smile a little at my promises to God to become a saint, understanding that He already had plenty. But I know that I had indeed been shown how: to recognize deep pain as a paralyzing enemy, to distinguish between bad doctors ready to give up on incurable and good doctors fighting to get me on my feet, and to understand that it would take submitting to more pain to achieve its absence.



THINK ABOUT IT

living in the North. Eventual reunification of the divided nation would be a less costly and traumatic process. There is thus a growing view in Seoul that while the prospect of a nuclear-armed North is deeply worrying, it may be less bad than a sudden collapse of the Kim dynasty. As long as the U.S. nuclear umbrella shields South Korea, Pyongyang has no conceivable interest in using any nuclear weapons it may build.

1917: British in Gaza

LONDON — The following communication on operations in Palestine is issued by the War Office: British cavalry patrols continue to harass the enemy at Gaza, taking prisoners each day. In skirmishes during April we took 429 prisoners. Our aviators are displaying great activity in reconnoitering and bombing troops and communication lines. Our artillery has successfully bombarded enemy works, blowing up munitions. The enemy's munition store at Gaza was destroyed in a formidable explosion.

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OPINION

The East German Past Is Hard for West Germans to Bear

By William Pfaff

PARIS — It seems strange that Germans are making such heavy weather of the economic problems of reconstruction. These are the good problems, the constructive ones. The bad problems are elsewhere, and less easy to talk about.

This renunciation would be expensive was obvious from the start. Helmut Kohl made a bad economic decision when he exchanged Eastern for Western political democracy, guaranteeing him success in the elections that followed renunciation. The cost of reconstruction of the East was higher than it should be, and wiped out the one comparative economic advantage that the former Democratic Republic possessed, low labor costs. He is paying the political price now for telling German voters that renunciation would cause them no pain.

Dr. Springer's regular poll on political attitudes shows that on a 1-to-5 scale, the government's approval rating is 1.3. The Christian Democrats are less popular than the opposition Social Democrats, but neither has more than 40 percent confidence.

Strikes have now seen German workers demanding wage raises to meet the tax rises that are the price of renunciation. The outcome could be inflation and depression of the economy (and the other Western economies as well), since the Bundesbank will keep interest rates high. It is natural enough for German workers to dislike paying for renunciation, but why do they think it would pay?

Reconstruction is going forward. There is much construction activity in the East, replacing the public infrastructure. Service industries, particularly financial services, are developing rapidly, thanks to the well-educated East German labor pool. The social costs of unemployment have

been contained, although without the state's intervention the real rate of unemployment would probably be as high as one-third of the active work force. It may take a generation before it is completely incorporated into the Western economy, but Eastern Germany is on its way. The West Germans will get today's investment back, and more, as Germany becomes richer and stronger than ever. So why are they unhappy? One is led to ask if their

The real German problem is that reunification has revealed a near total continuity between East Germans' conduct under Nazism and under communism. This is not something people can easily face.

reaction of seeming ingratitude at reunification, or even resentment that it took place, is not really a reaction against the political dimension of what has happened. Renunciation revealed an East German moral catastrophe much worse than the tangible wreckage left behind by four decades of German socialism. And reconstruction on that plane is much harder than making the economy.

Renunciation, for one thing, has released powerful xenophobic and racist sentiments in the East,

botled up for 40 years. Violently right-wing attitudes have been revealed, which to many East Germans seem legitimized by the fact that they are the antithesis of the hated left-wing doctrines and slogans imposed for four decades.

In recent months these attitudes have explosively combined with anger felt in Western Germany over abuse of the Federal Republic's generous constitutional guarantees of political asylum to foreigners. The result is what the foreign press has treated as a rise in neo-Nazism. This is misleading. The results of the most recent regional elections show the far right still as no more significant a force in Germany than in most of the other Western democracies. It is a problem, but no longer a problem than elsewhere.

The real problem is that reunification has also revealed a near total continuity between the East Germans' conduct under Nazism and under communism. This is not something people can easily face. Opening the East German secret police dossiers has revealed the East Germans' extensive betrayals of one another, their political obsequiousness and craven obedience to Communist authority, and their capacity for rationalizing such conduct.

The files show that in Eastern Germany some 400,000 people — at least — were professionally or informally spying on the rest, and upon one another. That is 2.5 percent of the total population. And since both spies and the objects of this spying were concentrated in the politically aware and active classes of the population, those actually running the country, its economy, its schools and professions, the figure is more significant than it initially seems.

Nearly 6 million dossiers were found in the secret police archives, one for every second adult in the country. The situation was much worse than

anywhere else in the Soviet bloc. The larger dramas have been widely reported; husbands who spied on wives, wives who spied on husbands, dissidents spying on other dissidents, pastors on other churchmen, eminent scientists, artists and scholars obediently reporting on their colleagues, doing it not only for private advantage but also because it was their "duty." People have spoken of a new "treason of the intellectuals."

Contingency plans existed to round up and place in camps up to 100,000 "reactionary church members," "representatives of marginal social groups," "applicants for exit visas," "negative decadent youths," etc. The writer Amos Elon observes that the English translation fails to convey the "chilling" depersonalized bureaucratic terminology of these descriptions in the original German. The list would have required little amendment to have served the Nazi SS for rounding up its internal enemies.

This continuity is the reason reunification has produced so stark a political shock upon the West German consciousness. There is a sense that reunification has unearthed something too terrible to contemplate. The West Germans believed that they had, themselves, come to terms with the German past, and indeed had put it past — that all that was over, with the new Germany now part of a new Europe.

But here, now, spilling out of the archives, is evidence that it wasn't over at all. It was all still going on in Eastern Germany right down to the final minutes before the Berlin Wall came down. This seems too awful to think about, but it is why West Germans today are behaving as if they are in shock.

International Herald Tribune.
D Los Angeles Times Syndicate.

Teach the Mommy-to-Be That the Job Is No Snap

By Anna Quindlen

NEW YORK — I think someone has a baby doll that crawls and falls, but it does not fall against the leg of the coffee table, gash its little head and need to go to the emergency room at the same time that the twins are in the tub.

No Colicky Cathy, who wails all night unless you walk her. No Adolescent Alex, who does not speak for six months and then breaks the silence with a call at 1 A.M. informing you that he's gotten popped on a DWL. No real-life Mommy games.

The job that seemed so easy when the babies were plastic turns out to be the hardest one you ever have when they are flesh and blood.

The world is full of women hindered by the unceasing demands of motherhood, still flabbergasted by how a job can be terrific and torturous, involving and utterly tedious, all at the same time. The world is full of women who feel strange because what everyone assumes comes naturally is so difficult to do.

No doll teaches this. The best exercise in understanding it is one someone given high school kids. They are handed an egg on a Friday and told they have to take care of it all weekend.

Most start out with enthusiasm, naming their eggs, dressing them, drawing little faces on their blank whitecaps. But soon it begins to pall. They hunt around for someone to leave their egg with so they can go out. Some guys try to talk girls into tending their eggs. One boy I read about hard-boiled his egg and carried it around blithely in his pocket. I'm nervous about his prospects as a father, but I'm convinced that he'll become a U.S. senator.

By Monday morning the eggs are broken. We rarely admit that carrying something with you, in your belt, in your back, every minute of your life, is one tough task. I wonder sometimes how the 14-year-old and her dim friend wound up managing it, or if they did.

The thing I find most annoying about this Mommy-to-Be doll is that she has a smile frozen on her face. Take off her big belly, pop out her baby, and she smiles and smiles. So simple. Motherhood is not stretch marks. No varicose veins. No pot belly. No problem. No way.

The New York Times.

The Los Angeles Events: Verdicts From Europe

Regarding the opinion columns "America Doesn't Need to Apologize for a Jury" (May 3) by William Safire:

I was surprised to learn that the French system "does not give the accused the presumption of innocence." This is a very common error, but it is rather surprising coming from Mr. Safire. He needs to brush up on his code phrase the next time he wants to refer to the French judicial system.

As for the rest of the opinion column, it seems to me that even if it is not the time for self-flagellation, nor does it seem to be the right time for self-congratulation. There is obviously some-

thing wrong in America, even if it has nothing to do with one of the best judicial systems in the world.

PHILIPPE FOUCHER, London.

Mr. Safire misses the point. The question is not whether the jury system is good or bad, but whether the verdict delivered in this case was racist or not. It clearly was. Only the jury system can protect defendants from unjust conviction. Mr. Safire argues. There again he is wrong. Racism works both ways: Jurists often do not hesitate to convict a black person on the basis of most shaky evidence. Thousands of cases prove it.

WALTER BERTSCHINGER, Zurich.

"We must respect the process of law, whether or not we agree with the outcome," President George Bush says. Mr. Safire calls this courageous and responsible, Lincolnian. But I thought Lincoln

fought the Civil War to change the laws that condoned lynching. If it is a sign of courage and responsibility to condemn the assault and battery of an unarmed man by a group of police officers, and if the law cannot protect all citizens, guilty or innocent, from official barbarity, then what is the difference between America and a Third World dictatorship?

CHRISTINE S. FREMANTLE, London.

Bravo for Mr. Safire's May 3 column. I find it the most lucid and penetrating of comments I have read on the Rodney King affair and its horrendous sequel. This piece offers a positive approach toward seeking a solution to a problem of American society. The approach represents the kind of rationalism that hopefully will prevail.

JOHN CRABB, Ferney-Voltaire, France.

It has been implied by some race relations "experts" that the rioting was the unfortunate "price" that had to be

paid for a court decision deemed unfair. But no such linkage can be made. Two wrongs do not make a right.

ANTHONY PAUL MARTIN, London.

The White House asserts that the root problems of inner city difficulties were started in the 1960s and '70s by the Democrats and their welfare policies. Why, then, did the Reagan and Bush administrations not come forth with alternative policies to address the daunting inner city problems of the '80s? Was it their belief that "pride in the community" could exist only if that community were completely neglected and left to its own devices, as communities were in the last decade and still are today?

JAKOB FUNKENSTEIN, Hamburg.

The real starting point was the high-speed chase, a policy increasingly forbidden to police in many American cities for routine traffic offenses. The perpetrator can often be apprehended

MEANWHILE

and then discover she had no money and be obliged to cudge a buck from a boy. (There was some suggestion of a causal relationship between the slice, the caging and the baby.)

The bottom line was this: If Vanise could do motherhood, then motherhood couldn't be too tough.

I guess the girl is 19 now, and the baby 5, and Lord knows what happened to Vanise. I thought about them both, and about all the rest of us who produce hostages to fortune, when some manufacturer unveiled a pregnant doll called Mommy-to-Be, a Barbie wannabe with country-western hair and a swelling midsection. What do you think it means that mine was delivered barefoot?

The doll reminded me of Vanise for two reasons: because it shows the world is full of people who don't have good sense, and because it suggests that having a baby is easy.

It has a removable belly, and when you take out the baby — anatomically correct, which is a whole lot more than you can say about the mother — a nice flat stomach pops up in its place, thereby reinforcing the belly-buttock theory of birth so beloved by five-year-olds. The process is a cross between a C-section, a tummy tuck and an Easter egg in a snap. So simple.

This isn't the way I remember it, but I guess there wasn't a big market for a sweaty wild-eyed doll with a hospital gown up around her armpits shrieking, "The next person who tells me to breathe is dead meat!"

It's always been this way. Our toys taught us being a mother was simple. Beisy Wetsy. Tiny Tears — what easy babies they were. Today dolls are more sophisticated, but so more real-

LETTERS TO THE EDITOR

Table with multiple columns containing financial data, stock prices, and company names. Includes sections for 'INTERNATIONAL FUNDS' and 'Other Funds'.



Alain Delon as Casanova, with Elsa; Pavel Nazarov and the director Vitali Kanevsky (top); Emma Thompson and Helena Bonham Carter in "Howards End"; Robert Altman, Whoopi Goldberg and Tim Robbins on the Croisette.

Casanova, Murder in Hollywood

By Thomas Quinn Curtiss
International Herald Tribune

CANNES — Robert Altman has a sharp sense of the ridiculous and can express it on the screen as his "M*A*S*H" and "Nashville" attest. In his latest, "The Player" (in competition) he merrily mocks the new wave of violence-and-happy-end shockers.

We are introduced to the Hollywood conference chambers where the hair-raisers are hatched. Its protagonist is a studio story editor whose daily mail includes unsigned threats and who, when seeking to stalk his enemy, finds himself charged with murder.

The thriller maintains speed and suspense to the last moment with a minimum of auto chases. At the festival palace it was greeted with loud laughter and applause.

Edouard Niermans' "Return of Casanova" has Alain Delon as the 18th-century Italian rascal. The director and his scenarist, Jean-Claude Carrière, have borrowed an Arthur Schnitzler covelette in which the notorious lothario meets defeat.

Delon, cow older and wiser, has found a better role than any of his recent ones and plays it well, conveying the melancholy of the Don Juan in sad decline. The production is of high grade with its capture of the 18th century's twilight and Alain Cuny as Casanova's host, a cynical, elderly nobleman, is excellent.

Two films from Russia inform us that enormous changes in the cinema are taking place there. It is not that the films are masterpieces, but they differ strongly from the Sovi-

et propaganda of old and appear to be more honest and personal.

Vitali Kanevsky's "The Independent Life" is the odyssey of an adolescent boy trying to make his way against rough odds in an oppressive factory town in Siberia. Though born in misery and surrounded by brutality, he is a dreamy youth with a touching urge to protect animals, to whom he is closer than to the bestial humans he encounters.

Its script is the director's autobiography and the second installment of a trilogy. The

CANNES '92

first part, "Don't Move, Die and Rise Again," won the Camera d'Or here in 1990.

Pavel Lungin's "Luna Park" is often as bewildering as a nightmare. Its scene is post-perestroika Moscow, where youthful hoodlums have taken over a shed of the city's fairground. Their leader, Andrei, a stalwart young man, is intent on "cleaning up Russia." Violence and extortion are the methods of this organization that attacks Jews, homosexuals and dropouts. One evening amid the dogged autos his mother tells him that he is of Jewish origin.

The father is an old but active musician and singer, who inhabits a weird apartment, a haven for hoods, scholars, prostitutes and passing strangers. From their confrontation a mutual affection springs up and the son decides to share the life of his father. They quit Moscow together to live in Siberia.

Lungin says he wanted to tell a simple story in complex fashion, which he accom-

plishes by juxtaposing family intimacies with surrealistic passages of roller-coasters flying through the night.

Andrei Gutin, a nonprofessional actor recruited from a muscle-building gymnasium, exhibits an authentic force as the would-be fascist leader. Natalia Egorova imposes as the treacherous mother. There is a remarkable contribution by Oleg Borisov, a well-known Russian comedian, as the wistful and amusing bohemian parent. He gives a performance likely to be remembered on prize day.

"Howards End," James Ivory's third adaptation of an E. M. Forster novel, shows again his gift for recreating the world of yesterday with its manners, its mores and its persuasive flavor.

Forster's Edwardian novel tells of crumbling traditions that must give way to the impatient demands of those of the lower social order. It is cast as a family saga.

There is remarkable acting by Vanessa Redgrave as a Lady Bountiful lost in the past, by Emma Thompson as the young woman who replaces her on her death, and by Anthony Hopkins as the self-satisfied man of wealth who ignores the bloodless revolution taking place.

In Mehdi Charef's "The Land of Juliets," three women prisoners are on a 24-hour pass to visit relatives. Stranded at a train station, they relate their lives until they must return to the lock-up. The three actresses, Maria Schneider, Laure Duthilleul and Claire Nebout, struggle valiantly to enliven their assignments in what must be the most garrulous talkie ever heard.

Tim Robbins at His Best, Invisible

By Joan Dupont

CANNES — When Tim Robbins plays a punk-rock-inspired theater troupe that started with a midnight performance of "Ubu Roi." Now, 11 years later, the troupe has its own Los Angeles theater, which is complicated for its artistic director, who lives in Greenwich Village with his wife, Susan Sarandon, and children.

"I kind of commit — and we just had another baby — I should be there right now," he says.

Besides acting and directing, Robbins has written six plays, the "Bob Roberts" song lyrics — he sings for the first time on film. The movie is packed with family and friends: His father, who plays a preacher, was also his vocal coach; his brother David wrote the music; Sarandon has a cameo, and Gore Vidal a big part as an old-fashioned politician.

"I sent him a script, thinking he would politely refuse and get an enthusiastic phone call. Coming just as we were casting, it was an enormous momentum builder."

The film has Altman's blessing — "He's a huge supporter. I know he doesn't lie, and if he had to bend the truth, he wouldn't have seen it four times."

"The Player" was a wonderful training ground: "I used a lot of the same people in cameos, the same cinematographer and the same assistant director."

Like Altman, Robbins believes in a certain amount of improvisation on the set. "One of the greatest tools an actor can have is imagination,

but his parents foiled his plans to enter the High School of Performing Arts. "They didn't want me to become just a show business person," he says, "and now I think they were right: I learned more about acting by studying anthropology than from any classes."

like a child's, without any baggage." He is himself a child of the post-Stanislavsky/Actors' Studio era. "There's a lot to be said for what Stanislavsky did to revolutionize acting and take it away from presentation into a much more real environment. But the theory has been bastardized without a point of adaptation with some actors. It has become more about what the actor is feeling than what the audience is feeling."

ROBBINS, who stands at a lofty 6 feet 5, thinks it is important to "physically inhabit a character." He once took dance training, but these days trains by playing basketball. A few years ago, he did a workshop with Georges Bigot, an actor in Armand Mouchikine's Théâtre du Soleil troupe.

"I wouldn't call it mime — the theory works with a truth you can see in the eyes," he explains. "Training involves rigorous attention to the audience. When you say a line to someone on stage, you're actually looking into the eyes of a member of the audience. And the technique can be adapted to film: it's telling a story with the eyes; if you're not there emotionally, there's nothing. So — you can't hide, you can't turn upstage. I wear contacts just to see the other actor; I have to look right into their eyes and get the truth they throw me — otherwise I'm in a vacuum."

But the prospect of a gaping void would seem to suit Robbins as he sits, quietly mulling over the fine points of character acting: eight changes happen below the bland surface; his pale blue eyes turn transparent, his face goes slack. It is disquieting, and he knows it. "Yes, I guess that's what I'm doing on the Croisette," he says. "I'm practicing my blank look."

Joan Dupont is a Paris-based writer specializing in the arts.

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What Makes U2 Go? Not the Music Alone

By Mike Zwerin
International Herald Tribune

PARIS — The members of U2, who embarked on a European bus tour last week in the Bercy Sports arena, are all Irish. They are also sincere. They can play and clearly enjoy playing music. And they certainly know how to put on a show. A rare combination in superstar rock 'n' roll.

Singer/songwriter/leader Bono tends to hide his good looks behind shades. What's to hide? Why in the first place did an Irishman named Paul Hewson take the Italian name Bono?

And why does guitar and keyboard player David Evans call himself The Edge? How do you address him? "The?" No. It is said he earns the strong name Edge. But why does Edge always wear caps or hats? Is he embarrassed about a bald spot? (Miles Davis took his hats off after his weave.) Larry Mullen, the drummer, looks (and can sound) like he might have driven a tank for Patton, though bassist Adam Clayton's Lou Reed alter provides a soft foil.

eriously) to "Mysterious Ways," the audience supplied the words to "I Still Haven't Found What I'm Looking For." Somewhere in between Bono and Edge embraced in a cheer-inducing public display of brotherly love.

LESS muddy mix would have been nice, to be able to hear more of the lyrics, which are good. Their blues influence and musical range in general frustrates me. Honesty and talent should somehow have come further after more than a decade. The marketplace? But technical bugs are inevitable on the first gig of a tour, they're still young, obviously still growing and the goodwill was overwhelming.

With iconic whimsy, Bono told



U2's Bono in action.

what gets them on covers of Rolling Stone? What has sold close to 4 million copies of their latest album, "Achtung Baby," in the United States alone. Not music alone.

U2 was positive and open during a time when it was hip to be cynical and mysterious, and socially and politically involved in a take-care-of-number-one decade. Bono seemed genuinely motivated to communicate with all 16,000 or so of his closest friends in a sold-out Bercy, many of them standing packed, shouting and screaming before the stage. Arms were outstretched in enraptured claustrophobia.

IN his song "One," when he sings the lines: "Did I disappoint you? Leave a bad taste in your mouth?" Bono is addressing a question that seems to mean something to him to someone he cares for. His talent — and that of the band — is being able to multiply the subjective.

"Achtung Baby" was co-produced by Daniel Lanois and Brian Eno, four good ears and two sharp minds. Partially recorded in post-Wall Berlin, the marketing scheme includes brightly painted East German Trabant cars hanging from the ceiling, flashing lights, some 20 television monitors and video screens transmit color schemes and messages like "Everything you know is wrong" and "Remember what you dream."

An extraordinarily beautiful young woman danced (not so mys-

the crowd that he visited Jim Morrison's grave and Jim gave him a message for them: "Buy as many U2 records as you can possibly afford."

U2 on tour: San Sebastián, May 14; Barcelona, May 16, 18; Milan, May 20, 21; Vienna, May 24; Munich, May 25; Zurich, May 27; Frankfurt, May 29; London (Earl's Court), May 31; Birmingham, June 1; Dortmund, June 4, 5; Gøteborg, June 8; Stockholm, June 10, 11; Kiel, June 13.

LONDON THEATER

Malkovich, Lost in Mid-Atlantic

By Sheridan Morley
International Herald Tribune

LONDON — The Shaftesbury Theatre, one of London's most difficult to fill since it is too large for a straight play and too small for a musical, seems to be developing a curious trans-Atlantic policy of importing American movie stars and painting their names in huge letters in the hope that their charisma will draw the town.

Last year it was Alan Alda, who signally failed to get Thornton Wilder's creaky "Our Town" on its commercial feet. This year it's John Malkovich, struggling to make a commercial hit out of a play by Dusty Hughes that might have worked in a studio but is wildly unsuited to these vast open spaces.

"A Slip of the Tongue" has already been seen, with Malkovich, at Chicago's Steppenwolf Theatre, and it is unlikely to reach London in the same season as Howard Brenton's "Berlin Bertie," which deals rather better with themes of the moral and political confusions arising from the collapse of totalitarian regimes in Eastern Europe. Here we get Malkovich unusually subdued as Dominic Tandra, supposedly "the greatest Slovak writer of the century," but living (when we meet him) in exile as a kind of wild man of the woods after being ostracized by friends and party in the wake of 1968.

The first half of the play is occupied by Tandra in a series of repetitive encounters with young women, sent with tape recorders strapped to their thighs in order to trap him into further anti-State statements. All that happens, however, is that they get taken to bed by him, apparently unable to resist a sexual or

political magnetism hard to fathom in Malkovich's deeply uncharismatic, rather shambling performance.

It is as though, having gone so far over the top in his last West End appearance ("Burn This"), Malkovich is now determined to establish alternative credentials by going equally far under it. As a result there is a crucial lack of energy or drive, not helped when in Act 2 the play suddenly takes an unaccountable lurch into French bedroom farce.

By now things have changed, the writer has been rehabilitated and set up in a large Prague flat while the new regime tries to tempt him with the presidency, and the women return simultaneously to haunt him with sexual or political debts. Though all the women are supposed to be similarly Slovak, actresses from four nations have been cast in these roles, adding to the confusion of a play already in danger of disappearing in its own uncertainties.

The director, Simon Stokes, has worked with Hughes before, when both were at the Bush, and it is possible there, with a more coherent cast, that "A Slip of the Tongue" could have been pulled into some kind of shape; but with Malkovich it suffers a kind of mid-Atlantic sprawl and loses all focus, even though buried in there somewhere are all the usual debates about the role of the artist in disintegrating societies, and the right of a man of letters not to become a man of politics unless he so chooses.

Hughes is, I think, finally concerned with the irony whereby as a nation at last finds a voice, its best-known dissident loses his, and with it all faith in the language that has been for years his only support. At that point he goes off to the Frankfurt Book Fair, but the play that should by now have come to some sort of climax or resolution merely falls apart.

At the National Theatre is a hopefully temporary interruption to their current winning streak: a revival of Molière's "Le Bourgeois gentilhomme" in a catastrophic new colloquial translation by Nick Dear, and a production by Richard Jones that turns a sometimes subtle comedy of social-clambering into a manic farce that attempts to make up in costume and caricature what it lacks in confidence or sympathy with the original text.

Timothy Spall, looking like the late Benny Hill on speed, does his best to anchor the piece in some sort of real social commentary, but there is so much going on around him — all times, including highly choreographed set pieces, that it is very hard for him or us to care much about a play that still has a good deal to say about social engineering.

Better news at the Orange Tree in Richmond: where "Carpeaux" by Victor Slavkin is the first production in English of an intriguing Russian piece (first seen here when the Taganka brought it to the international theater festival five years ago). Essentially an updated "Cherry Orchard," "Carpeaux" is about an abandoned country house to which return seven Chekhovian characters, all in mourning, if not for their lives then for their nation.

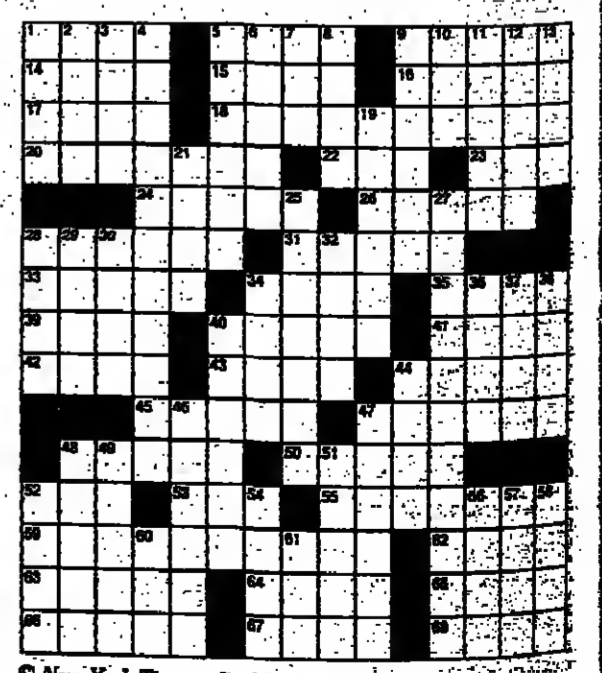
A long weekend of personal histories and romantic yearnings is played out by a superb cast in Adrian Binn's touching, bawling production: Vernon Dobtcheff as the old owner in melancholic, Gielgudeseque form; Richard O'Callaghan as the new host, desperate for his guests to give his life some shape; Maria Milts as the Nina figure; and Sam Walters, the theater's director, in a rare return to the stage as the ascetic-turned-carpenter, all in a powerful circle of personalized Soviet realism.

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| ACROSS | 20 Ascot | 35 Follower of hen and rats |
| 1 Gelling agent | 22 Chemical suffix | 36 Boisterous play |
| 5 Blazer | 23 Coral, for one | 40 Contests |
| 9 Proportion | 24 Old World tropical shrub | 41 Finishing nail |
| 14 French composer: 19th century | 25 Decrease gradually | 42 French violinist: 18th century |
| 15 "Girl Dreams," 1927 song | 26 "Cakes" — Mougham | 43 "Vissi d'—" Puccini aria |
| 16 Correct | 31 Cubic measure | 44 List of candidates |
| 17 With: Fr. | 33 Former New York mayor | 45 African antelope |
| 18 Monument on Salisbury Plain | 34 Rocky eminence | 46 Carabolic acid |
| | | 47 Palindromic doctrine |
| | | 50 Lesser Antilles native |
| | | 52 Roman citadel |
| | | 53 Exist |
| | | 56 Space off a kitchen |
| | | 59 Officially, the Hoover |
| | | 62 Sandarac tree |
| | | 63 W.W. II hero Murphy |
| | | 64 Solon or Thales |
| | | 65 Caesar's supper |
| | | 66 Anagram of 31 Across |
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| | | 68 Memorabilia pianist |

Solution to Puzzle of May 12

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| 9 Listen angel | |
| 10 French soul | |
| 11 Present or past Stevens: 1934-70 | |
| 12 Actress | |
| 13 Theaters | |
| 14 Comes onstage | |
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| 16 Anchorite, e.g. | |
| 17 P.G.A. course in Calif. | |
| 18 River in Luzon | |
| 19 Inert gas | |
| 20 Title for 68 Across | |
| 22 London museum | |
| 23 Balkan citizen | |
| 24 Island off Ireland | |
| 25 Int. group | |
| 26 Food fish | |
| 27 Discharge | |
| 28 Maxim | |
| 29 Desert cover-ups | |
| 30 Gaelic | |
| 31 Tupelo or Gringo | |
| 32 Light Angles | |
| 33 Aclain and Augustan | |
| 34 Palfrey | |
| 35 Family man | |



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MEDIA MARKETS

Du Pont Takes a Tour Of Sports Sponsorship

By Samuel Abt International Herald Tribune

WILMINGTON, Delaware — When Greg LeMond opened the Tour Du Pont bicycle race with a victory in the prologue, the ESPN national sports cable-television station showed him chugging toward the finish line just ahead of a support van that prominently displayed a familiar corporate oval with the name Du Pont.

Newspaper and television cameramen then photographed Mr. LeMond as he received the leader's yellow jersey, which also bore the Du Pont name. He stood on a podium with a Du Pont logo. Overhead hung a large banner lettered Du Pont. In the near background, just in case anybody missed the point, was the race's starting ramp and its Du Pont canopy.

That "accidental" for five minutes of Du Pont, but who is Du Pont? The answer is Du Pont Co., the giant chemical manufacturer and sponsor of the Tour Du Pont.

"Our involvement in the Tour Du Pont is a dollars-and-cents marketing decision, and we think we have a bargain," said Jack L. Conroy, Du Pont's manager for special events.

Market surveys seem to agree. In rapidly increasing numbers, U.S. corporations are turning to sponsoring events as a way of generating publicity, goodwill and sales. From \$2.8 billion estimated to have been spent on U.S. corporate sponsorships last year, the outlay is expected to reach \$3.3 billion in 1992.

One reason is that sponsorship appears to be extremely cost efficient.

A good example is the Tour Du Pont, an 11-day road race that began in Wilmington last Thursday and will end Sunday in Washington after traveling 1,000 miles (1,616 kilometers) through Delaware, Pennsylvania, Maryland and Virginia.

LAST YEAR DU PONT spent \$1.7 million to sponsor the race, which was named the Tour de Trump in its first two years, 1989 and 1990, when it was sponsored by the New York-based developer Donald J. Trump. For its \$1.7 million, Du Pont estimates it received almost \$70 million worth of international media exposure.

"I've certainly in the work force, I have never seen such concentrated, sustained and positive media coverage," said Mr. Conroy, a former newspaper journalist and political press secretary. Speaking of newspaper clips amassed from the race, he added, "They weighed 29 pounds (13.1 kilograms). I've never measured an event's clippings by the pound before."

Seated in his office in the Nemours Building in Wilmington, he opened a study by Joyce Julius & Associates Inc., a sports marketing firm based in Ann Arbor, Michigan. The study showed that in a bit over three and a half hours of 1991 coverage on ESPN, sponsors — mainly Du Pont but also several associate clients — were mentioned 441 times. The U.S. exposure value, or the cost for similar television commercials, was put at \$5.16 million.

In just under an hour and a half of Tour Du Pont coverage on the national broadcast network CBS, sponsors were mentioned 96 times, for an exposure value of \$1.49 million.

Both networks are offering the same amount of coverage, and presumably mentions, this year.

Comparing these figures with exposure generated by other sports events, the study found that the Tour Du Pont outranked college football bowl games, the triple crown of horse racing, tennis and golf. "And that exposure was only in the American market," Mr. Conroy said. The Du Pont was shown on television in 88 countries to an audience estimated at 200 million people. Overseas, the exposure was estimated to have been worth \$66 million.

Similar international television coverage, mainly on the Euro-

See DU PONT, Page 12

Dollar Hit By Talk of Rate Cut

Concern Over Yen Adds to Pressure

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell sharply against other major currencies on Tuesday, depressed by speculation that a cut in U.S. interest rates was near and by concerns about the yen.

Remarks by David C. Mulford, a U.S. Treasury undersecretary, that the United States was "very, very concerned" that the Japanese trade surplus would rise as soon as the U.S. economy recovered from recession contributed strongly to the dollar's slide.

Currency traders also cited reports that Mr. Mulford had said the Group of Seven industrialized nations was unhappy with the recent weakness of the yen.

Mr. Mulford's remarks "made people think the dollar was too weak against the yen, so the yen made a reversal," said Tom Moore of American Express Bank. "The dollar-yen led the downfall, and everyone else came down, too," Mr. Moore added.

Traders also noted that Mr. Mulford's comments caught the dollar while it was already weakened by persistent talk of a cut in U.S. rates.

The dollar closed at 1.6242 Deutsche marks, down from 1.6384 DM on Monday, and at 130.65 yen, down from 133.00 yen.

The U.S. currency also was quoted at 1.5039 Swiss francs, down from 1.5255 francs, and See DOLLAR, Page 10

U.S. Utilities Dealing in Dirt Swap Accord Is First Under Clean Air Act

By Matthew L. Wald New York Times Service

NEW YORK — Two American utilities announced on Tuesday an agreement that calls for one to buy from the other the right to emit a chemical that causes acid rain, freeing the dirtier one from having to clean up its own plants as stringently.

The contract was the first such deal to be publicly disclosed, those involved and other experts say. It could break the ice for dozens of similar deals.

The Tennessee Valley Authority will buy the right to emit 10,000 tons of sulfur dioxide, the main cause of acid rain, from Wisconsin Power & Light. The Wisconsin company will reduce its emissions to a level 10,000 tons below what the law requires, and TVA will get additional time to install smogstack scrubbers or replace high-sulfur fuel with cleaner fuels.

The price was not disclosed, but was believed to be \$2.5 million to \$3 million.

The deal was made under a system established in the Clean Air Act of 1990 and will be regulated by the Environmental Protection Agency. Acid rain, which is believed to be responsible for severe damage to lakes and forests, is one of the main targets of the Clean Air Act. The other targets are smog and toxic chemical emissions.

Economists and some environmentalists have long called for a "market-based" system that encourages such deals. They say such a system reduces the cost to the economy of cutting sulfur emissions, compared with ordering each utility to comply with a certain standard.

The goal of the Clean Air Act is to reduce such emissions by 10 million tons a year. The TVA is buying "emission allowances" because it believes that, at least in the short run, the purchase price is less than what it would cost to clean up its own plants. For its part, Wisconsin Power can turn a profit by "overcomplying" with the federal law and selling the resulting allowances.

The idea of trading emission allowances has generally won praise as creating a "win-win" deal, in which costs are minimized and everyone benefits. Some authorities estimate a savings of 20 percent compared with making each utility comply on its own.

See POLLUTE, Page 11

BAA Outlines A New Terminal For Heathrow

By Erik Ipsen International Herald Tribune

LONDON — BAA PLC, the British airport operator, announced details on Tuesday of an £800 million (\$1.4 billion) plan to transform the site of a sludge works into an immense new terminal for Heathrow Airport.

Calling the planned Terminal 5 a "vote of confidence in the future of air travel in the U.K.," BAA's chief executive, Sir John Egan, left no doubt about how competitive the airport business had become. He stressed the need "to make better plans than our European competitors."

Analysts say that Heathrow's longstanding status as Europe's largest international airport, with 34 million international passengers in 1991, is under pressure. London is increasingly having to defend its lion's share of the market from the likes of Paris's Charles de Gaulle and Amsterdam's Schiphol, airports that some analysts note are geographically better suited to the role of European hub.

"The French are out to make Charles de Gaulle the premier international airport for Europe and London has got to do something," said Paolo Pezzani, an airline consultant with SRI International in London.

Terminal 5, which BAA first discussed publicly last year, is the company's answer to its rivals. Phase 1 of the new building, with a target opening date of 2002, would boost Heathrow's capacity to 60 million passengers a year, from 50 million today.

Construction on later, phased additions to the terminal will not be completed until 2016, and will ultimately bring the airport's capacity to 80 million passengers a year, at a cost BAA estimates at £800 million to £900 million.

A survey by the Geneva-based International Air Transport Association two years ago had shown that of Europe's major airports hubs, only Charles de Gaulle faced no capacity constraints over the next 20 years. What is more, the French have a bus service between de Gaulle and Orly airport for easier transfers, and have plans to de Gaulle directly into the high-speed European rail network with a TGV station there.

Some analysts were skeptical. "I am puzzled as to how they can do it," said SRI's Mr. Pezzani. He said that with airline deregulation in the cards for Europe, most studies show that carriers will tend to schedule more frequent flights to carry favor with customers rather than consolidate several flights onto one larger plane.

swelled to \$1.2 million in new capital equipment. It paid off. With a suggested retail price of \$7.99, Belvedere's 1990 Alexander Valley chardonnay got 86 points and "wine of the month" in the February issue of The Wine Advocate.

The first question I asked our wine maker was, "What do you need to make a chardonnay that will compete with good ratings?" said William Hambrecht, president and chief executive of the Belvedere Winery in Healdsburg, California.

The answer to his question was \$300,000 for new French oak barrels, an amount that ultimately

Backed by a wealthy parent company, Stinson Lane had the capital to build a \$37.5 million winery for the brand, and to invest in an aggressive advertising campaign featuring Jeff Smith, a best-selling cookbook author.

"The key was America did not need another wine brand, so we worked very hard to create a unique sales proposition," said Allen C. Shoup, president of Stinson Lane.

"We attempted not to leave anything to chance, and treated each component as if a mistake would be critical," Mr. Shoup said.

Columbia Crest sells mostly chardonnay, the most popular white varietal. But merlot, a red similar to cabernet sauvignon, but softer, really established the winery's reputation for value. Columbia Crest merlot retails for \$10 and is frequently discounted.

Despite their disclaimers about putting consumers first, successful wine makers all court the press. Many go so far as to tailor blends to please the palates of influential critics like Robert Parker.

While the circulations of Mr. Parker's newsletter, The Wine Advocate, and its rival, The Wine

U.S. Inflation Stays Modest as Prices Rise 0.2%

By Lawrence Malkin International Herald Tribune

NEW YORK — U.S. wholesale prices rose only 0.2 percent in April, the same as in the prior two months, the government reported Tuesday, confirming the views of economists and bond dealers that inflation was under control in the slow U.S. economic recovery.

Another small cut in interest rates by the Federal Reserve Board is seen as a virtual certainty by financial markets, although the central bank is expected to await data on retail inflation, sales and production due later this week and then make its decision at a meeting of the Federal Open Market Committee on May 19.

What Wall Street is waiting for is not just

another quarter-point cut in the federal funds rate, but a clear commitment by the Fed to continue with a monetary policy that will accommodate the recovery and not choke it off because of premature inflation fears. The figures released Tuesday will make it easier for the Fed to make that commitment, which senior officials insist they are ready to do.

Inflation was below 1 percent in almost all categories except energy, but that was offset by falling food prices. The core rate, which excludes food and energy, was also 0.2 percent, Edward Yardeni, an economist at C.J. Lawrence & Co., described this as "a broad-based moderation in price pressures." Some strength in prices of oil and materials was seen "as evidence of life in the economy than as an

inflation threat," said David C. Munro of High Frequency Economics. The figures point to a wholesale inflation rate of less than 3 percent this year. The slow economy has also reduced wage inflation, from its 1989 peak of 4.4 percent to 2.5 percent in April.

■ Boskin Predicts 3% Growth in GDP

Michael J. Boskin, the chief White House economic adviser, said Tuesday that the U.S. economy could grow by 3 percent this quarter. Agence France-Presse reported from Paris.

Inflation is now under control, Mr. Boskin said in Paris, and the Federal Reserve had the opportunity and the will to take additional steps to counteract any "downside risk" that might hamper an economic recovery.

U.S. Wine Makers' New Strategy: Putting Value in the Bottle

By Lawrence M. Fisher New York Times Service

SAN FRANCISCO — After decades of using mystique, prestige and cachet to pitch their products, some U.S. wine makers have lately learned a new word: value. And those who have learned it best are selling more wine even while the industry is at its lowest point since Prohibition.

Value, of course, has always been in the eye of the oenophile, but most agree that such a wine, costing \$7 to \$10, will give customers a taste that usually costs \$12 to \$16.

The strategy behind such wines, which has been time-tested in many other industries, is to push up sales volume by keeping costs low.

Some wineries have cut back on the sales forces that call on the specialty shops and are marketing directly to supermarkets and warehouse stores. Others have reduced their advertising, preferring instead to concentrate on getting a wine enthusiast publication's highest possible rating, which can be worth much more in sales. Still others are slicing their profit margins, a tacit concession that the premium prices they charged had little to do with the cost of making their product.

Whatever the tactic, the result gives wine drinkers a taste they like, even if it gives the premium wine makers a taste they don't.

One leading wine writer is Kendall-Jackson Vineyards of Santa Rosa, California, which became the fastest-growing winery in the last 10 years by offering a noticeably sweeter chardonnay that sells for \$9 a bottle. The taste ticks the critics but pleases customers whose regular beverage might be white zinfandel, or even Pepsi.

The slight sweetness is "what the American palate preferred to have," said Jess Jackson, a San Francisco lawyer who created the brand in 1963. "Our goal is to broaden the consuming public, to bring neophyte people to wine. I'm making wine for the consumer, not the wine writers."

It must be working. Kendall-Jackson's shipments grew 22.6 percent in 1991, to 705,000 cases, of which 70 percent was the winery's Vintners Reserve chardonnay.

"Not me, but people are saying, 'If you're not between \$7.99 and \$9.99, you're not in the premium wine business today,'" said Stephen Cousins, president of Rackett U.S.A., which owns Buena Vista and other premium wine brands. "When you get a good bottle of wine, you have under \$10, assuming you have a under \$10 of wine, it's magic."

Few wineries acted earlier or more decisively than Stinson Lane Wine and Spirits in carving out a niche as a self-proclaimed "value winery" — one that markets wines that are praised by critics but cost just \$7 to \$10 a bottle.

Based in Woodinville, Washington, Stinson Lane owns the Chateau St. Michelle and Columbia Crest labels.

Like other wineries that have learned the value lesson well, Stinson Lane is reporting double-digit

Growing Wineries

Selected wineries whose sales have grown significantly in the last five years.

Table with 2 columns: Winery Name, Cases sold in 1991. Includes Stinson Lane (50.6%), Beringer (28.4%), Kendall-Jackson (26.2%), and others.

1991 figures are estimates. Source: The New York Times

CURRENCY RATES

Table of currency rates for various countries including Germany, France, Japan, etc.

Table of other dollar values for commodities like gold, silver, etc.

Table of forward rates for different time periods.

Table of interest rates for various financial instruments.

Table of Eurocurrency deposits for different banks and currencies.

Table of key money rates for various services.

Table of Asian dollar deposits for different banks.

Table of U.S. money market funds with details on assets and yields.

Table of gold prices for various types of gold.

Table of managed futures accounts with performance data.

Table of DUNN & HIGGINT INT'L GROUP information.

Advertisement for DUNN & HIGGINT INT'L GROUP, featuring 'It's true! MONEY MAKES MONEY' and 'MANAGED FUTURES ACCOUNTS'.

Advertisement for FREE TRIAL SUBSCRIPTION 'THE GLOBAL INVESTMENT DIRECTOR'.

Advertisement for SAVE & PROSPER BALANCED FUND SICAV (in liquidation).

Advertisement for SAVE & PROSPER BALANCED FUND SICAV, detailing a notice of shareholders meeting.

Atlantic

As the National Theatre is a hopeful sign for the current season, a revival of Moliere's 'Le Bourgeois gentilhomme' is a similar sign of hope for the future.

Behind the scenes at the Orange Tree in Richmond, Virginia, is a different story.

Table of key money rates and interest rates.

Source: Reuters, Standard & Poor's, Bank of America, etc.

Source: Reuters, Standard & Poor's, Bank of America, etc.

MARKET DIARY

Program Selling Depresses Stocks

NEW YORK — Several rounds of computer-driven program sales pushed stock prices lower on Tuesday, although the market finished the day above its lowest levels on hopes for an interest-rate reduction by the Federal Reserve Board.

The Dow Jones industrial average fell 12.46 points, from its record close on Monday, to 3,385.12.

N.Y. Stocks

New York Stock Exchange volume rose to 192.81 million shares, from 155.73 million traded on Monday, and losing issues outnumbered gainers by a 4-to-3 ratio.

Reports that wholesale-price increases last month were subdued and semiconductor orders increased were not enough to sustain the Dow's rally, traders said.

Treasury bonds trading on hopes for lower interest rates after the Labor Department said the producer price index rose 0.2 percent for the third straight month in April, below the projected 0.3 percent increase.

The bond market took heart from the producer-price report, hoping the Federal Reserve Board

would push interest rates lower to spur economic growth in the absence of significant inflation.

The fact that bonds have embarked on a new leg of an upswing should be positive for stocks, said Herb Cohen, president of Shearson Asset Management.

Telefonos de Mexico paced the New York Stock Exchange actives, up 1/4 at \$6 1/4. Its secondary offering of 13.5 million American Depositary Shares was priced at \$56.125 a share.

Limited was next, down 3/4 to 2 1/4. It reported first-quarter earnings of 14 cents a share, the same as in 1991.

Sharno was the most-active American Stock Exchange issue, tumbling 10 1/4 to 27 1/4 after the Italian fast-food chain reported first-quarter earnings of 28 cents a share, down from 36 cents a year ago.

In over-the-counter trading, Midlantic Bank added 1/4 to 10 1/4. The bank holding company reportedly told analysts that positive trends would likely continue in the second quarter. (Bloomberg, Reuters, UPI)

DOLLAR: Softened by Rate Talk

(Continued from first finance page) \$4500 French francs, down from 5,5065 francs.

The British pound rose to \$1.8118, from \$1.7947. Currency traders said that speculation of an imminent cut in U.S. interest rates to boost the economy

is due to the 6 percentage point differential between U.S. rates and German short-term rates.

Speculation about a possible cut in U.S. interest rates has been growing as the first reports of data for April have shown the recovery entering the second quarter at a very sluggish pace.

Lower U.S. interest rates will make relatively high interest-rate currencies, such as the mark, increasingly attractive.

"It's dawned on the market that the U.S. recovery will not be a vibrant one," Mr. Callow said, "while the German economy is proving much stronger than anyone anticipated. That means we could see this huge yield gap remaining until next year."

The dollar was also pressured Tuesday by comments from Lothar Moller, a Bundesbank central council member, who was reported as saying that excessive German inflationary pressures were likely to prevent a cut in German interest rates this year.

Earlier in London, the dollar was also sharply lower. It was quoted at 1.6245 DM, down from 1.6430 DM on Monday, and at 130.65 yen down from 133.20 yen.

Analysis said much of the market's uncertainty over interest rates

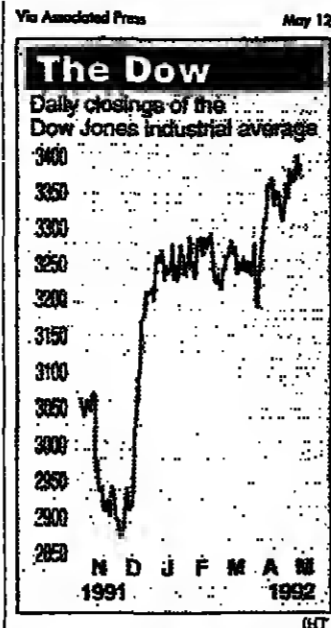


Table titled 'NYSE Most Actives' showing volume, high, low, and change for various stocks like Telefonos de Mexico, Limited, and Sharno.

Table titled 'AMEX Most Actives' showing volume, high, low, and change for stocks like Sharno, Declined, and Unchanged.

Table titled 'NASDAQ Diary' showing advanced, declined, unchanged, and total issues for the NASDAQ market.

Table titled 'Dow Jones Averages' showing open, high, low, and close for various indices like Industrials, Transport, Finance, and SP 500.

Table titled 'NYSE Most Actives' showing volume, high, low, and change for various stocks.

Table titled 'AMEX Most Actives' showing volume, high, low, and change for various stocks.

Table titled 'NASDAQ Diary' showing advanced, declined, unchanged, and total issues for the NASDAQ market.

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Olivetti Posts 1991 Loss

IVREA, Italy — Olivetti SpA reported on Tuesday a \$59.8 billion loss (\$37.4 million loss) for 1991, caused in part by a corporate restructuring that the Italian computer company said would end its unprofitability this year.

The result was worse than the company's February prediction of a 290 billion lire loss, and it compares with profit of 60.4 billion lire in 1990. The company cited a 200 billion lire restructuring charge to cover severance costs. It cut 7,200 jobs last year, following a 3,200-job reduction in 1990. Revenue fell 4.8 percent, to 8.61 trillion lire last year, and first-quarter sales this year were down 4.4 percent. (Reuters, AFP, Bloomberg)

Table titled 'EUROPEAN FUTURES' showing prices for various futures contracts like WHEAT (CBT), SOYBEAN (CBT), and COFFEE (ICE).

Table titled 'U.S. FUTURES' showing prices for various futures contracts like WHEAT (CBT), SOYBEAN (CBT), and COFFEE (ICE).

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U.S. / AT THE CLOSE

Robertson Bids for UPI

RUTLAND, Vermont (Combined Dispatches) — U.S. Media Corp., a company controlled by the religious broadcaster Pat Robertson, bid \$6 million in cash for the bankrupt news agency United Press International on Tuesday, the only offer for the whole of the news agency presented to U.S. Bankruptcy Court Judge Francis Conrad.

Mr. Robertson, who also sought the Republican presidential nomination in 1988, said before the hearing that his interest in UPI included its overseas news-gathering operation and radio network. He also said he did not intend to turn the news agency into a Christian-oriented enterprise.

Other bidders included the Washington-based Federal News Service, which bid for UPI's Spanish-language news wire and part of its Washington office for a total of \$55,000.

Eastnet, a news organization based in Eastern Europe, bid \$30,000 for certain leases of UPI in the former Soviet Union, Eastern Europe and China. A publisher bid \$125,000 for certain assets, including \$25,000 for the United Press International name. (Reuters, AP)

MGM-Pathé Makes Offer to Orion

CULVER CITY, California (Combined Dispatches) — MGM-Pathé Communications Co. said Tuesday it made a proposal to distribute Orion Pictures Corp.'s unreleased motion pictures and its library product.

MGM-Pathé, whose legal and financial problems have halted its own production and left its distribution channels idle, said its proposal also contained an offer to purchase the film assets of Orion, which is operating under Chapter 11 bankruptcy protection and has 10 films ready for release.

Terms of the proposal were not disclosed. The offer followed recent bids for Orion from Republic Pictures Corp. and Savoy Entertainment. (Reuters, AP)

FDIC Seeks Premium Rise on Banks

WASHINGTON (Bloomberg) — The Federal Deposit Insurance Corp. board on Tuesday proposed to increase deposit insurance premiums for banks and thrifts to 25 cents per \$100 insured, from 23 cents, to become effective Jan. 1, 1993. The increase would be part of a five-year plan to restore the beleaguered Bank Insurance Fund's reserves.

The FDIC board also proposed to base an institution's deposit insurance premiums on the risk it poses to the Bank Insurance Fund of the Savings Association Insurance Fund.

Chase Rating Is Boosted by Moody's

NEW YORK (Reuters) — The credit ratings of Chase Manhattan Corp. and its banking subsidiary, Chase Manhattan Bank, were upgraded by Moody's Investors Service Inc. on Tuesday.

The agency said its action reflected Chase's stronger earnings and capitalization, as well as a stabilization in the bank's asset quality. The move raised the rating on approximately \$10.5 billion of Chase's long-term debt to Baa2 from Baa3.

Moody's also said it may upgrade \$3 billion of the long-term debt of Chemical Banking Corp. because of expectations that Chemical should achieve its 1992 goals for operating revenue and expenses.

California's Unitary Tax Is Upheld

SAN FRANCISCO (Reuters) — The California Supreme Court has rejected a major challenge to the state's controversial method of taxing foreign corporations, a decision that could save the state \$792 million in revenues.

The court late on Monday ruled as constitutional the 57-year-old "unitary tax," which takes into account a foreign-based multinational corporation's operations outside the state in calculating tax burdens.

WORLD STOCK MARKETS

Table titled 'WORLD STOCK MARKETS' showing stock prices for various international markets including Amsterdam, Brussels, Frankfurt, London, Milan, Madrid, Sao Paulo, Singapore, Stockholm, Toronto, Zurich, and Johannesburg.

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S. Relents on Stake in World Bank Arm

By Hobart Rowen
Washington Post Service

WASHINGTON — U.S. Treasury Department officials have relented on their insistence on a 25 percent stake in the International Finance Corporation's capital, paving the way for Russia and the rest of the former Soviet republics to join the bank's subsidiary.

United States veto no longer be able to exercise its veto authority unless the threshold were lowered, or unless the United States also bought more shares, which it did not choose to do.

U.S. Firms Plan Joint Snack Unit

International Herald Tribune

PARIS — PepsiCo Inc. and General Mills Inc. said Tuesday they would merge six of their European snack subsidiaries into a joint venture that would help them expand marketing of their various products.

The two U.S.-based companies plan to contribute three subsidiaries apiece, each one in a different country, to a venture owned 60 percent by PepsiCo and 40 percent by General Mills; cash would not be involved.

Marks & Spencer Lifts Profit

Retailer Says Consumers Not in Buying Mood

Compiled by Our Staff From Dispatches

LONDON — Marks & Spencer PLC, Britain's biggest clothing retailer, announced Tuesday a 6 percent rise in pretax profit in its latest year but held out little hope of a quick revival in consumer spending.

The gloomy comments helped take the steam out of the London stock market, which has set record highs this month on hopes that the economy was finally pulling out of the longest recession since the 1930s.

is on the road to recovery and that consumer confidence has been picking up.

Retailers themselves were hopeful that consumers would start spending again after the April 9 general election, and some big department stores did notice more shoppers over the Easter holiday.

But tight cost controls and strong management helped Marks weather the recession better than many of its rivals.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
1800	2700	2100
1750	2600	2000
1700	2500	1900
1650	2400	1800
1600		1700
1550		1600

Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	130.20	130.40	-0.15
Brussels	Stock Index	5,898.84	5,896.58	+0.04
Frankfurt	DAX	1,751.16	1,753.03	-0.11
Frankfurt	FAZ	706.82	707.92	-0.16
Helsinki	HEX	864.59	863.21	+0.16
London	Financial Times 30	2,137.80	2,147.10	-0.43
London	FTSE 100	2,722.40	2,737.80	-0.56
Madrid	General Index	257.91	258.06	-0.06
Milan	MIB	952.00	950.00	-0.83
Paris	CAC 40	2,063.63	2,077.49	-0.67
Stockholm	Aktorsvarden	1,089.32	1,092.81	-0.32
Vienna	Stock Index	441.31	444.91	-0.81
Zurich	SBS	679.20	682.30	-0.45

Bids for UPI

United Dispatches — U.S. Media Group Inc. has submitted a bid for the religious broadcaster Paul Revere Bankrupt News Agency United States Inc. offer for the whole of the news agency's assets, including the rights to the Court Judge Francis Court, the hearing that his interest in UPI is being operation and radio network and to turn the news agency into a Washington-based Federal News Service of \$55,000.

es Offer to Orion

United Dispatches — MGM-Paris made a proposal to distribute the financial problems have hindered its channels, said its proposal to acquire the film assets of Orion, which includes protection and has 10 million shares.

ium Rise on Banks

United Dispatches — The Federal Reserve announced to increase deposit insurance premiums per \$100 insured, from 20 cents to 30 cents, effective June 1, 1992.

boosted by Moody's

United Dispatches — The credit ratings of Chase Manhattan Bank were upgraded to Aaa on Tuesday.

ary Tax Is Upheld

United Dispatches — The California Supreme Court ruled that the state's controversial method of taxing that could have the state \$792 million.

Stock Indexes

Index	Value
DAX	1751.16
FTSE 100	2722.40
CAC 40	2063.63

Commodity Indexes

Commodity	Value
Oil	22.50
Gold	380.00

Industrials

Company	Value
Shell	15.50
BP	12.00

Energy

Company	Value
Enron	18.00
Exxon	15.00

Technology

Company	Value
IBM	110.00
Microsoft	60.00

Healthcare

Company	Value
Amgen	45.00
Genentech	35.00

Telecommunications

Company	Value
WorldCom	25.00
Sprint	20.00

Financial Services

Company	Value
JP Morgan	40.00
Bank of America	35.00

Real Estate

Company	Value
Simon	15.00
Equinix	12.00

COMPANY RESULTS

Company	1991 Revenue	1991 Profit	1991 EPS
Chrysler	1,200	150	1.50
Household Int'l	1,100	140	1.40
Penn Central	1,000	130	1.30
Travelers Corp.	900	120	1.20
Lincoln National	800	110	1.10
Sequoia	700	100	1.00
LTV	600	90	0.90
Masco	500	80	0.80
Eastman Kodak	400	70	0.70
Midland	300	60	0.60
NWA	200	50	0.50
Pacific Corp.	100	20	0.20

Inflationary Pressures Lessened in April

LONDON — Britain announced on Tuesday its smallest rise in four years for a key measure of wholesale inflation, but the good news on prices was tarnished by a pessimistic outlook on consumer spending from Marks & Spencer PLC, the country's largest clothing retailer.

Very briefly:

- Procoria AB said first-quarter profit rose 14 percent to 1.12 billion kronor (\$189.3 million), with strong sales in its Kab Pharmacia unit.
- Portugal will privatize 49 percent of the national airline TAP-Air Portugal in the second half of 1993. Communications Minister Joaquim Ferreira do Amaral said; no details were provided.
- Oman, eager to extend its naval influence to the Indian Ocean, has ordered two warships from Vessag Thyssen's Industry Ltd. of Britain in a deal worth \$150 million (\$268 million), industry sources said.
- Bankruptcies in Norway rose 24 percent in the first quarter from the year-earlier period, to 1,516, the Central Bureau of Statistics said.
- General Accident PLC, the British insurance company, said its first-quarter pretax loss totaled £29.2 million, smaller than the £74.7 million loss a year earlier. In a sign that the British economy is recovering.
- The London International Financial Futures Exchange introduced a futures contract for three-month Eurodollar interest rates.
- L.M. Ericsson AB said it had won an order worth more than 700 million kronor from Tokyo Digital Phone Co. to deliver and install a mobile telephone system in Tokyo.
- Peninsular & Oriental Steam Navigation Co. of Britain said it had formed an Asian subsidiary, P & O Asia Ltd., to expand its operations in the region. Taiwan will buy 100 French fighter planes. Defense Minister Pierre Joxe of France said; he gave no details on the purchase or on whether the government had permitted Dassault Aviation SA to put its Mirage 2000-5 combat jet on offer.

POLLUTE: A New Soap Market

George Bush, some had estimated that a single allowance, or the right to emit one ton of sulfur dioxide, would be worth about \$1,000 on the open market, but with improving technology for lowering such emissions, along with other factors, recent estimates have been lower.

Grim Forecast for Hungarian GDP

BUDAPEST — A Hungarian think tank forecast Tuesday that the country's gross domestic product would shrink 5 percent in 1992, a far worse performance than the government has projected.

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1	01	02	03	04	05	06	07	08	09
2	10	11	12	13	14	15	16	17	18
3	19	20	21	22	23	24	25	26	27
4	28	29	30	31	32	33	34	35	36
5	37	38	39	40	41	42	43	44	45

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Please charge my credit card for US\$ (tick as appropriate):
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NAME: _____ EXPIRY DATE: _____
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EXTRA DRAWS FREE: You get 8 draws FREE (10 weeks) or 20 draws FREE (40 weeks)

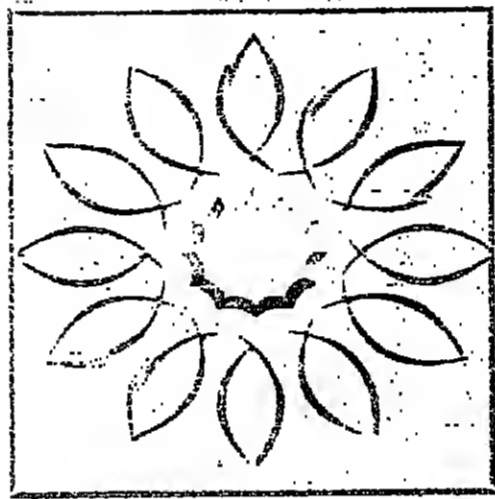
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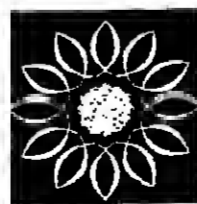
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ARGENTARIA

Corporación Bancaria de España

JAPAN: Economic Weakness Is Formula for Corporate Strategy Changes

(Continued from page 1)
to ease tense trade relations with the United States have made it difficult for companies to unload their goods at cut-rate prices abroad.

Japan's trade surplus already is headed for a record this year, of more than \$125 billion, and the government is urging companies to focus on imports to mitigate the problem.

The point, Mr. Hidaka said, is that he will have to steer his company in a new direction, looking for new markets and new products during the slowdown.

"We see this as a period of adjustment that is different from slowdowns we've experienced in the past," he said. "Every product has a life span, and so do industries."

"We don't think automobiles will be the leading industry forever. The only answer is to develop new products during this period. You will be forward looking in this kind of time or you won't survive."

What Mr. Hidaka did not say, but what many in the West fear, is that if he and other Japanese manufacturers succeed, they may emerge from this slowdown even more competitive relative to their foreign counterparts.

Still, the signs of a severe slowdown are everywhere — side by side with indications of underlying strength, remnants of the five-year boom that left Japanese industry in a far more competitive position.

The economy slumped at an annual rate of 0.2 percent in the last three months of 1991, and signs are pointing to a further contraction in the first quarter of this year.

Nonetheless, most economists are forecasting growth of around 2 percent for the entire year, a sharp slowdown from last year's 4.5 percent rate, but a respectable pace by American standards.

Private credit agency, reported that there were 10,723 corporate bankruptcies in the fiscal year that ended March 31, involving debts of more than 10 million yen (\$75.075).

Those companies left behind total debts of about \$61.3 billion, nearly twice the previous record for a year.

There is concern that loan losses could so hurt Japanese banks that companies will find it harder to get the capital they need to grow.

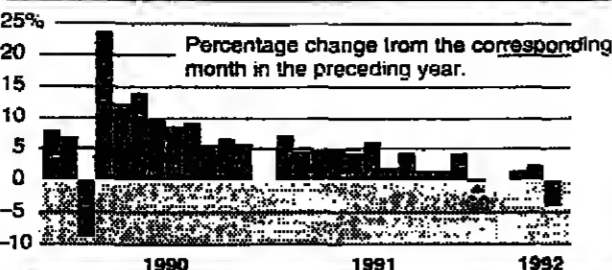
Indeed, Mr. Hidaka said, banks were willing to make loans to meet routine operating expenses, but money for long-term expansion or improvement projects had already disappeared. "An established company like ours can do all right," he said. "But smaller companies or new companies are in trouble."

A pattern is developing in which sales of the most luxurious products have been hit hardest, but the basics have been less affected.

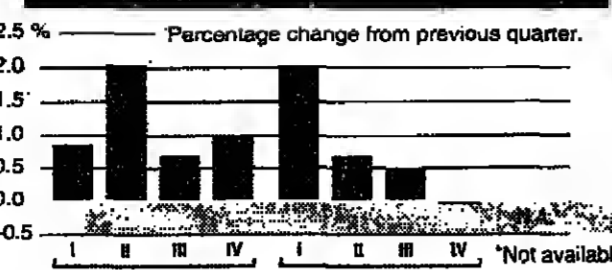
Sachio Takamine, head of the large gourmet foods department at the Tobu department store, said he began to see signs of the slowdown last year. "The first indication we got was that party-related goods, such as expensive wines and pâté, began to decline," he said.

Japan's Slowing Economy

DEPARTMENT STORE SALES



GROSS NATIONAL PRODUCT



Sources: Japanese Department Stores Association; Datastream

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But, he said, the Japanese are still enjoying their new sense of affluence, in spite of the slowdown, and are not giving up all luxuries. Sales of caviar, for instance, are still rising at his store.

Mr. Takamine said, "There just is no demand. The only way out in the long term is to develop new products. The old businesses just are not going to grow as fast as before."

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Royce cars in Japan, said his business had been devastated.

Before the economic boom of the late 1980s, he sold only 50 to 60 of the cars a year. With the soaring stock and real estate markets and the general expansion of the last five years, sales were as high as 500 in 1990. But this year, he said, he expected sales of just 150 to 180 of the cars.

This patchwork of indicators is being read by industrial planners as a sign that eventually they will have to find new products. Toyota Motor Corp., Japan's largest automaker, is eliminating one of the two eight-hour shifts at a plant near Nagoya that produces luxury sedans. It is also reducing the blizzard of different models it has been offering.

"Until the 1980s, we could always resort to exports to jack up sales when times were tough," said Tsunehiko Fuji, assistant manager of Toyota's research division. "But now we are trying to moderate our exports. So we cannot find a simple means to get out of the current recession."

Hidaka Seiki faces a similar problem. Its business comes 60 percent from the auto industry, 20 percent from producing parts for merchant ship radar systems, and 20 percent from military-related products.

Not only is the auto industry suffering, but with the end of the Cold War, Hidaka Seiki is facing up to the reality that its military contracting business will never grow as it did in the days of superpower confrontation.

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NASDAQ

Tuesday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

High	Low	Stock	Div	Yield	PE	High	Low	P.M. Close
44 1/4	44	AAL	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAW	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAE	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAO	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAI	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAJ	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAK	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAV	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAW	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAE	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAO	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAI	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAJ	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAK	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAV	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAW	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAE	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAO	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAI	1.10	2.5	10	44 1/4	44	44 1/4
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44 1/4	44	AAK	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAV	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAW	1.10	2.5	10	44 1/4	44	44 1/4
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44 1/4	44	AAW	1.10	2.5	10	44 1/4	44	44 1/4
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44 1/4	44	AAV	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAW	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAE	1.10	2.5	10	44 1/4	44	44 1/4
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44 1/4	44	AAK	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAV	1.10	2.5	10	44 1/4	44	44 1/4
44 1/4	44	AAW	1.10	2.5	10	44 1/4	44	44 1/4

Asia to Pay More for Gas

By Michael Richardson
International Herald Tribune

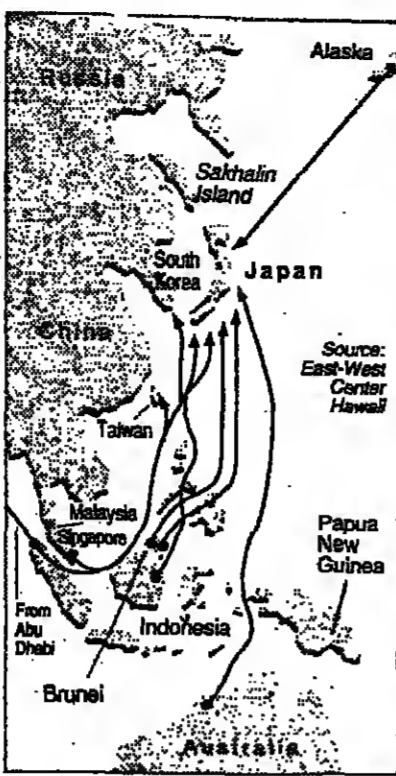
SINGAPORE — Soaring demand for energy in Japan, South Korea and Taiwan will far outstrip hoped-for natural gas supplies in Asia, forcing buyers to pay more for regional supplies and to turn increasingly to Gulf producers, analysts said Tuesday. A supply squeeze will hit the Asia-Pacific region after the end of the decade even though there have been major gas discoveries recently in Malaysia and Indonesia.

Gas demand in Japan, South Korea and Taiwan is expected to increase by more than one-third by the year 2000 because of faster-than-expected growth in electricity use and delays in the development of nuclear and coal-fired power plants because of safety and environmental concerns.

According to a recent study by the East-West Center in Hawaii, Far East demand for natural gas would exceed 90 million tons a year by 2000, more than double the 1991 level of 41.5 million tons.

Utilities in Northeast Asia now import nearly all their gas from Southeast Asia and Australia. Buyers may have to encourage new regional projects by offering low-interest development loans and a minimum price for gas that is substantially higher than the prevailing level, analysts said.

Occidental Petroleum Corp. has discovered a large gas field off the coast of the East Malaysian state of Sarawak that may contain up to 4 trillion



Herald Tribune and The Oil Daily. The meeting ended Tuesday. Malaysia, the region's second-largest gas exporter after Indonesia, is expected to boost sales to 14.5 million tons a year in 1996, when new processing capacity comes on stream at Bintulu in Sarawak.

Asamera Oil Ltd. of Indonesia is evaluating what analysts say may be a large new gas discovery in northern Sumatra. Minoru Takai, general manager of the petroleum division of Nissho Iwai Corp., a leading Japanese trading house, said that although Japan had secure LNG supplies to the year 2000, it needed to find extra resources for the 21st century.

From discovery, a major new LNG project can take eight or 10 years to bring on stream. Mr. Takai said that Japan preferred to get its energy supplies from the Asia-Pacific region but was also investigating prospects in the Middle East.

Four giant LNG projects are planned around the world at an estimated cost of about \$40 billion. They are off Qatar in the Gulf, the Nauma Sea in Indonesia, Sakhalin Island on the Pacific coast of Russia and in Alaska. But the projects face delays or cancellation because of doubts about their profitability, said Ferretin Fesharaki, director of resources programs at the East-West Center.

The pricing formula for LNG is tied to the price of oil, which, because of current low prices, "will not provide sufficient return to justify massive megaproject investments," Mr. Fesharaki said.

He said that a less ambitious project in Oman, backed by the Shell group, could become the next LNG exporter to Northeast Asia. It would have an initial output of 4 million tons.

News Corp.'s Net Jumps On Strong Media Gains

Compiled by Our Staff From Dispatches

SYDNEY — News Corp., flagship of the media businessman Rupert Murdoch, said Tuesday that improved results from its newspaper and television operations were mainly responsible for a sharp jump in net profit for the nine months ending March 31.

But the company said the result was tempered by disappointing results from the Twentieth Century-Fox Film division in the United States and by continuing losses at Ansett Transport Industries in Australia.

News Corp. posted a net profit, including abnormal items, of 437.14 million Australian dollars (\$328.7 million) for the nine-month period, up from 52.62 million dollars a year earlier. Net profit for the latest quarter was 81.87 million dollars, after a loss of 204.66 million in the like period a year earlier.

Profit increased despite a fall in revenue, to 7.73 billion dollars from 8.32 billion, reflecting the sale of businesses in the United States and Australia.

Operating income from newspapers rose to 437.84 million dollars in the nine months, from 279.61 million a year earlier, while television income rose to 165.21 million dollars from 52.12 million.

Traders and analysts said the results confirmed that News Corp. was on track for a period of strong growth. The company's stock price rose 42 cents to close at 21.72 dollars, and analysts said it would rise further Wednesday.

Victor Shvets, analyst at Baring Securities Australia, said News Corp. was a "buy" after the earnings announcement. "The stock has accumulated both an earnings momentum and a growth momentum," he said. "I believe short term and long term the stock will perform well."

Income from News Corp.'s film division, including Twentieth Century-Fox, fell to 118.13 million dollars in the nine-month period, from 173.45 million the year before.

"Profits at seven owned and operated television stations grew 15 percent," News Corp. said, "offset by a small reduction at Fox Broadcasting Co., where ratings continued to reach record heights, but revenues were off, particularly for national advertising."

Profits from the British newspaper division increased 49 percent from a year earlier, through improved efficiencies and cost-reduction programs, it said.

(Reuters, Bloomberg)

Investor's Asia

Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	5,705.93	5,632.34	+1.31
Singapore	Straits Times	1,458.57	1,459.09	-0.04
Sydney	All Ordinaries	1,676.80	1,662.10	+0.88
Tokyo	Nikkei 225	18,508.53	18,608.09	-0.54
Kuala Lumpur	Composite	603.08	603.97	-0.15
Bangkok	SET	754.63	732.89	+2.97
Seoul	Composite Stock	886.40	887.52	-0.19
Taipei	Weighted Price	4,289.24	4,268.17	+0.49
Manila	Composite	Closed	1,235.02	-
Jakarta	Stock Index	288.78	288.65	+0.05
New Zealand	NZSE-40	1,494.95	1,472.34	+1.54
Bombay	National Index	1,379.42	1,528.65	-9.76

Sources: Reuters, AFP

Very briefly:

- Japan's Insurance Council, an advisory panel to the Ministry of Finance, is expected to make a final proposal in June to deregulate the insurance industry, ministry officials said; the Asahi Shimbun reported that insurers would be allowed to do securities and banking business.
- Hong Kong stocks ended at a record high for the fifth time this month, although mild profit-taking took some of the edge off early afternoon gains; the Hang Seng Index finished 73.95 points higher at 5,705.93.
- Nissan Motor Co. said it had completed a 100 billion yen (\$751 million) expansion of its Fukuoka plant in southern Japan, making it the company's biggest carmaking facility with capacity of 600,000 cars a year.
- Toshiba Corp. and General Electric Co. of the United States have agreed to jointly develop a 1300-class gas turbine for use in electrical power plants, a GE spokeswoman said.
- Kawasaki Heavy Industries said it had agreed to license to Korea Heavy Industries & Construction Co. the right to manufacture two of its designs for steam turbines used in the engines of large ships.

(Reuters, Bloomberg, AFP)

Taiwan, Worried by Fast-Food Inroads, to Promote Rice

TAIPEI — Taiwan, alarmed by the rising consumption of U.S.-style fast food, said Tuesday that it would launch a campaign to promote the traditional Chinese staple of rice.

The growing popularity of foreign food such as hamburgers and pizza has cut rice consumption and threatens a basic element of Chinese culture, the cabinet's Council of Agriculture said. "In order to meet the challenge of U.S. and

European fast food, we will actively promote the sale and consumption of rice and the development of new rice-based products," it said.

The council said the cultivation and consumption of rice had instilled the virtues of hard work and thrift in Chinese people over their 5,000-year history, and these values were endangered by the influx of fast food.

A recent survey showed 25 percent of 2000

Taiwan high school students were overweight because of fast food, the council said.

The average person in Taiwan ate 68 kilograms (150 pounds) of rice in 1990, down from 79 kilos in 1986, a council official said.

The official said the government planned to spend 50 million Taiwan dollars (\$2 million) to develop new rice-based products and better methods of packaging rice and 10 million dollars on an advertising campaign.

Hyundai Founder's Campaign Pledge

SEOUL — Chung Ju Yung, the founder of the powerful Hyundai Group, said Tuesday that if elected president, he would dismantle South Korea's big business conglomerates, known as chaebol.

"I think it is right to disband the chaebol and force them to specialize to reinforce international competitiveness," he said, adding that he would implement such changes "step by step, through legislation."

Mr. Chung last week launched his campaign for the presidential elections, which are due in December. He formed his own party in February to oppose the government of President Roh Tae Woo. Mr. Chung said he had severed all ties with Hyundai, one of South Korea's biggest chaebol.

NYSE

Tuesday's Closing
Tables indicate the nationwide prices up to the closing of Wall Street and do not reflect activities elsewhere. Via The Associated Press

Symbol	Price	Change	Symbol	Price	Change
IBM	115.00	+0.25	IBM	115.00	+0.25
MSFT	45.00	+0.10	MSFT	45.00	+0.10
ORCL	25.00	+0.05	ORCL	25.00	+0.05
INTL	15.00	+0.02	INTL	15.00	+0.02
DISC	30.00	+0.15	DISC	30.00	+0.15
WDC	20.00	+0.08	WDC	20.00	+0.08
HPQ	18.00	+0.03	HPQ	18.00	+0.03
QCOM	12.00	+0.01	QCOM	12.00	+0.01
TXN	10.00	+0.04	TXN	10.00	+0.04
INTC	8.00	+0.02	INTC	8.00	+0.02
AMD	7.00	+0.01	AMD	7.00	+0.01
SGS	6.00	+0.02	SGS	6.00	+0.02
ADI	5.00	+0.01	ADI	5.00	+0.01
LSI	4.00	+0.01	LSI	4.00	+0.01
PLD	3.00	+0.01	PLD	3.00	+0.01
SPX	2.00	+0.01	SPX	2.00	+0.01
...

(Continued on next page)

AMEX

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yield	PE	52 Week High	Low	1992 P/E
42	41	AIR	0.00	0.00	10	42	41	10
15	14	ALC	0.00	0.00	10	15	14	10
10	9	AMC	0.00	0.00	10	10	9	10
10	9	AMT	0.00	0.00	10	10	9	10
10	9	ATA	0.00	0.00	10	10	9	10
10	9	ATY	0.00	0.00	10	10	9	10
10	9	AVY	0.00	0.00	10	10	9	10
10	9	BAL	0.00	0.00	10	10	9	10
10	9	BAN	0.00	0.00	10	10	9	10
10	9	BAW	0.00	0.00	10	10	9	10
10	9	BBD	0.00	0.00	10	10	9	10
10	9	BEL	0.00	0.00	10	10	9	10
10	9	BEP	0.00	0.00	10	10	9	10
10	9	BFI	0.00	0.00	10	10	9	10
10	9	BFB	0.00	0.00	10	10	9	10
10	9	BFG	0.00	0.00	10	10	9	10
10	9	BGG	0.00	0.00	10	10	9	10
10	9	BGS	0.00	0.00	10	10	9	10
10	9	BGU	0.00	0.00	10	10	9	10
10	9	BHW	0.00	0.00	10	10	9	10
10	9	BIB	0.00	0.00	10	10	9	10
10	9	BIC	0.00	0.00	10	10	9	10
10	9	BID	0.00	0.00	10	10	9	10
10	9	BIS	0.00	0.00	10	10	9	10
10	9	BIV	0.00	0.00	10	10	9	10
10	9	BIZ	0.00	0.00	10	10	9	10
10	9	BKC	0.00	0.00	10	10	9	10
10	9	BKH	0.00	0.00	10	10	9	10
10	9	BKI	0.00	0.00	10	10	9	10
10	9	BKL	0.00	0.00	10	10	9	10
10	9	BKM	0.00	0.00	10	10	9	10
10	9	BKN	0.00	0.00	10	10	9	10
10	9	BKO	0.00	0.00	10	10	9	10
10	9	BKQ	0.00	0.00	10	10	9	10
10	9	BKR	0.00	0.00	10	10	9	10
10	9	BKS	0.00	0.00	10	10	9	10
10	9	BKT	0.00	0.00	10	10	9	10
10	9	BKV	0.00	0.00	10	10	9	10
10	9	BKW	0.00	0.00	10	10	9	10
10	9	BKY	0.00	0.00	10	10	9	10
10	9	BKZ	0.00	0.00	10	10	9	10
10	9	BLC	0.00	0.00	10	10	9	10
10	9	BLE	0.00	0.00	10	10	9	10
10	9	BLF	0.00	0.00	10	10	9	10
10	9	BLG	0.00	0.00	10	10	9	10
10	9	BLH	0.00	0.00	10	10	9	10
10	9	BLI	0.00	0.00	10	10	9	10
10	9	BLJ	0.00	0.00	10	10	9	10
10	9	BLK	0.00	0.00	10	10	9	10
10	9	BLM	0.00	0.00	10	10	9	10
10	9	BLN	0.00	0.00	10	10	9	10
10	9	BLP	0.00	0.00	10	10	9	10
10	9	BLQ	0.00	0.00	10	10	9	10
10	9	BLR	0.00	0.00	10	10	9	10
10	9	BLS	0.00	0.00	10	10	9	10
10	9	BLT	0.00	0.00	10	10	9	10
10	9	BLU	0.00	0.00	10	10	9	10
10	9	BLV	0.00	0.00	10	10	9	10
10	9	BLW	0.00	0.00	10	10	9	10
10	9	BLX	0.00	0.00	10	10	9	10
10	9	BLY	0.00	0.00	10	10	9	10
10	9	BLZ	0.00	0.00	10	10	9	10

12 Month High	Low	Stock	Div	Yield	PE	52 Week High	Low	1992 P/E
10	9	BMA	0.00	0.00	10	10	9	10
10	9	BMB	0.00	0.00	10	10	9	10
10	9	BMC	0.00	0.00	10	10	9	10
10	9	BMD	0.00	0.00	10	10	9	10
10	9	BME	0.00	0.00	10	10	9	10
10	9	BMF	0.00	0.00	10	10	9	10
10	9	BMG	0.00	0.00	10	10	9	10
10	9	BMH	0.00	0.00	10	10	9	10
10	9	BMI	0.00	0.00	10	10	9	10
10	9	BMJ	0.00	0.00	10	10	9	10
10	9	BMK	0.00	0.00	10	10	9	10
10	9	BML	0.00	0.00	10	10	9	10
10	9	BMM	0.00	0.00	10	10	9	10
10	9	BMN	0.00	0.00	10	10	9	10
10	9	BMO	0.00	0.00	10	10	9	10
10	9	BMP	0.00	0.00	10	10	9	10
10	9	BMQ	0.00	0.00	10	10	9	10
10	9	BMR	0.00	0.00	10	10	9	10
10	9	BMS	0.00	0.00	10	10	9	10
10	9	BMT	0.00	0.00	10	10	9	10
10	9	BMU	0.00	0.00	10	10	9	10
10	9	BMV	0.00	0.00	10	10	9	10
10	9	BMW	0.00	0.00	10	10	9	10
10	9	BMY	0.00	0.00	10	10	9	10
10	9	BMZ	0.00	0.00	10	10	9	10
10	9	BNA	0.00	0.00	10	10	9	10
10	9	BNC	0.00	0.00	10	10	9	10
10	9	BND	0.00	0.00	10	10	9	10
10	9	BNE	0.00	0.00	10	10	9	10
10	9	BNF	0.00	0.00	10	10	9	10
10	9	BNG	0.00	0.00	10	10	9	10
10	9	BNI	0.00	0.00	10	10	9	10
10	9	BNJ	0.00	0.00	10	10	9	10
10	9	BNK	0.00	0.00	10	10	9	10
10	9	BNL	0.00	0.00	10	10	9	10
10	9	BNM	0.00	0.00	10	10	9	10
10	9	BNO	0.00	0.00	10	10	9	10
10	9	BNP	0.00	0.00	10	10	9	10
10	9	BNQ	0.00	0.00	10	10	9	10
10	9	BNR	0.00	0.00	10	10	9	10
10	9	BNS	0.00	0.00	10	10	9	10
10	9	BNT	0.00	0.00	10	10	9	10
10	9	BNU	0.00	0.00	10	10	9	10
10	9	BNV	0.00	0.00	10	10	9	10
10	9	BNW	0.00	0.00	10	10	9	10
10	9	BNY	0.00	0.00	10	10	9	10
10	9	BNZ	0.00	0.00	10	10	9	10

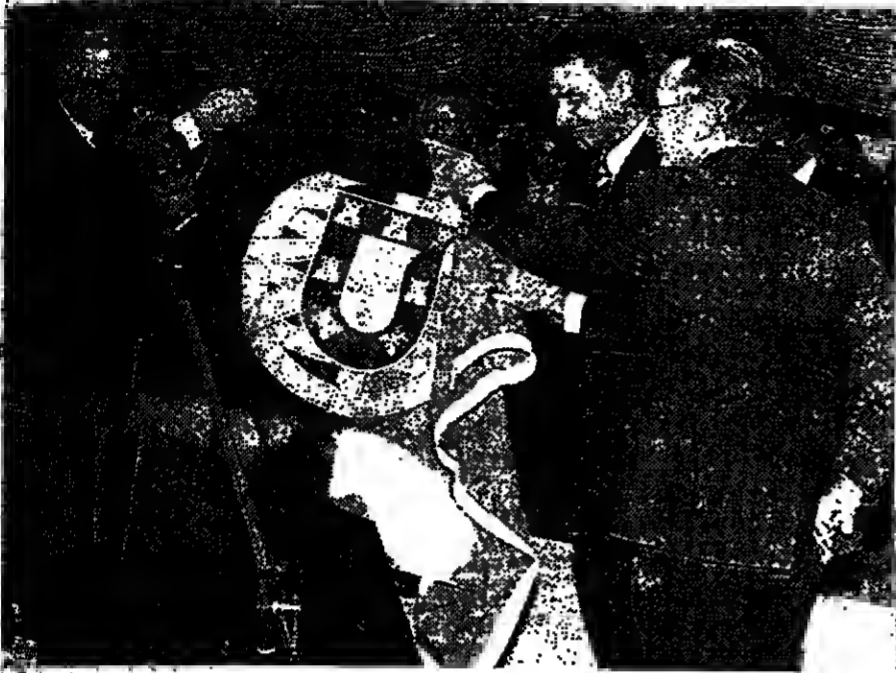
12 Month High	Low	Stock	Div	Yield	PE	52 Week High	Low	1992 P/E
10	9	BOA	0.00	0.00	10	10	9	10
10	9	BOB	0.00	0.00	10	10	9	10
10	9	BOC	0.00	0.00	10	10	9	10
10	9	BOE	0.00	0.00	10	10	9	10
10	9	BOF	0.00	0.00	10	10	9	10
10	9	BOG	0.00	0.00	10	10	9	10
10	9	BOH	0.00	0.00	10	10	9	10
10	9	BOI	0.00	0.00	10	10	9	10
10	9	BOJ	0.00	0.00	10	10	9	10
10	9	BOK	0.00	0.00	10	10	9	10
10	9	BOL	0.00	0.00	10	10	9	10
10	9	BOM	0.00	0.00	10	10	9	10
10	9	BON	0.00	0.00	10	10	9	10
10	9	BOO	0.00	0.00	10	10	9	10
10	9	BOP	0.00	0.00	10	10	9	10
10	9	BOQ	0.00	0.00	10	10	9	10
10	9	BOR	0.00	0.00	10	10	9	10
10	9	BOS	0.00	0.00	10	10	9	10
10	9	BOT	0.00	0.00	10	10	9	10
10	9	BOU	0.00	0.00	10	10	9	10
10	9	BOV	0.00	0.00	10	10	9	10
10	9	BOW	0.00	0.00	10	10	9	10
10	9	BOY	0.00	0.00	10	10	9	10
10	9	BOZ	0.00	0.00	10	10	9	10
10	9	BP	0.00	0.00	10	10	9	10
10	9	BPA	0.00	0.00	10	10	9	10
10	9	BPC	0.00	0.00	10	10	9	10
10	9	BPD	0.00	0.00	10	10	9	10
10	9	BPE	0.00	0.00	10	10	9	10
10	9	BPF	0.00	0.00	10	10	9	10
10	9	BPG	0.00	0.00	10	10	9	10
10	9	BPH	0.00	0.00	10	10	9	10
10	9	BPI	0.00	0.00	10	10	9	10
10	9	BPJ	0.00	0.00	10	10	9	10
10	9	BPK	0.00	0.00	10	10	9	10
10	9	BPL	0.00	0.00	10	10	9	10
10	9	BPM	0.00	0.00	10	10	9	10
10	9	BPN	0.00	0.00	10	10	9	10
10	9	BPQ	0.00	0.00	10	10	9	10
10	9	BPR	0.00	0.00	10	10	9	10
10	9	BPS	0.00	0.00	10	10	9	10
10	9	BPT	0.00	0.00	10	10	9	10
10	9	BPU	0.00	0.00	10	10	9	10
10	9	BPV	0.00	0.00	10	10	9	10
10	9	BPW	0.00	0.00	10	10	9	10
10	9	BPY	0.00	0.00	10	10	9	10
10	9	BPZ	0.00	0.00	10	10	9	10

12 Month High	Low	Stock	Div	Yield	PE	52 Week High	Low	1992 P/E
10	9	BR	0.00	0.00	10	10	9	10
10	9	BRB	0.00	0.00	10	10	9	10
10	9	BRD	0.00	0.00	10	10	9	10
10	9	BRE	0.00	0.00	10	10	9	10
10	9	BRF	0.00	0.00	10	10	9	10
10	9	BRI	0.00	0.00	10	10	9	10
10	9	BRJ	0.00	0.00	10	10	9	10
10	9	BRK	0.00	0.00	10	10	9	10
10	9	BRM	0.00	0.00	10	10	9	10
10	9	BRN	0.00	0.00	10	10	9	10
10	9	BRP	0.00	0.00	10	10	9	10
10	9	BRQ	0.00	0.00	10	10	9	10

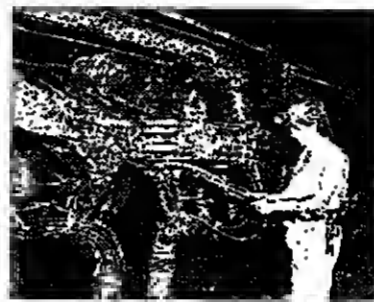
THE UNIQUE MOVE

EIGHTH IN A SERIES

Portugal 1992



Portugal's industrial sector is modernizing, streamlining and going increasingly global as the country incorporates itself fully into the European economy. This issue explores new industrial initiatives in sectors ranging from textiles and ceramics to automobiles and mining.



Far left: Carl Hahn (Volkswagen), Prime Minister Cavaco Silva and Lindsey Halstead (Ford) at launching of AutoEuropa factory in Setúbal.



Industrial Sector Forges Links With Eastern Europe

Antonio Santos is the kind of businessman who brings a sparkle to the eyes of industry Minister Luis Mira Amaral; Mr. Santos, CEO of Tecmolde, a moldmaking firm in Marinha Grande, files regularly to Moscow to keep his export market in shape.

Mr. Santos, a fluent speaker of Russian who has been doing business in the former Soviet Union since 1975, recently began offering to share his business experience with his contacts there. His successful efforts illustrate the links between the developing economies of Portugal and former East bloc countries.

Portuguese industry in Eastern Europe. Portugal nationalized much of its productive capacity in 1975 after the revolution and in the last five years has spent a lot of time privatizing and restructuring the manufacturing and financial sectors.

Mr. Santos' efforts illustrate the potential of such links. "I forged a network of 68 small local moldmakers in Marinha Grande into a pool producer to meet my production requirements. That's something the Russians could do too," Mr. Santos says, adding: "Why not break up some of the big manufacturing plants they have into small, efficient units? I convinced eight or 10 qualified workers from a big company here [in Portugal] to set up their own operation, becoming wicker-partners and highly profit-motivated. This kind of experience could be useful in former East bloc economies."

The government's campaign to stir Portuguese business interest in newly emerging East European markets was further boosted by news of a marketing, financial, tax and training incentive program for Portuguese firms developing cross-border business. Announcing the "Boa Esperanca," or Good Hope, program, Trade and Tourism Minister Fernando Faria de Oliveira said that the Instituto do Comercio Externo de Portugal (Export Promotion Board) offices abroad would provide logistic help. These would back the aggregation of Portuguese companies' market penetration; pilot brand-name testing; promote moves into Hungary, Poland and Czechoslovakia; widen markets in Germany; use Portuguese banks abroad for local currency financing; provide venture capital; and help with the purchase of shop chains and offices abroad.

Back home, the process of upgrading domestic industry continues apace, with government giving priority to three types of initiatives:

Modernization and restructuring in traditional industry (textiles, clothing and footwear).

Industrial exploration of natural resources like ceramics, mines, ornamental and industrial stone, timber and forestry, cork and agribusiness.

New high-tech industrial projects involving foreign investment.

Entrepreneurs moving into these areas are not only welcome and encouraged, but wise investors can expect to reap rich rewards. Priorities include information technology, electronics, biotechnics, ceramics technologies, pharmaceuticals, capital goods, the automobile and auto-components industry, medical and hospital equipment, energy (especially thermoelectric plants), special-purpose plastics, sports products and tourism.

To stimulate industrial development and support foreign investment, the government has a range of EC-backed aid schemes, including funds for infrastructure development (railroads, port installations, telecommunications, energy distribution networks, depollution systems), a labor-training scheme backed by European Social Funds, and venture-capital funds.

In addition, fiscal incentives for investment cash grants have been provided through the European Regional Development Fund (ERDF) and the Special Program for Development of Portuguese Industry (PEDIP). PEDIP is likely to be extended for a further five years once the EC's Delors II package on community funding is passed. The original 1988-1992 PEDIP program drew on a special 100 million Ecu (\$98.6 million) fund to which was added financing from ERDF, ESF and NIC funds.

The growing internationalization of Portuguese industry is illustrated by the efforts

of Cinca, a ceramics group, which is now planning to widen export markets and product range following its acquisition of a 19.3 percent stake by Switzerland's Laufen group, the world's sixth-largest ceramics producer. Laufen is to acquire a 15 percent stake in Cinca's decorative tile associate, CIC-Companhia Internacional de Ceramica in the first half of 1992. Ceramic exports in 1991, mostly to the EC and the United States, were up 9 percent to nearly 24 billion escudos (\$240 million), compared with 1988's 20.5 billion escudos and 33 billion escudos in 1990.

And the growing attractiveness of Portuguese industry among foreign investors is shown by recent investments in projects based in the Sines industrial zone, a major southern-coast oil and industrial port. The Sociedade de Promocao e Gestao de Areas Industrial e Servicos, managers of the zone, say the following investments are pending in the area: a 15 billion escudo synthetic resin plant from Proquigel of Brazil; a 100 billion escudo, 210,000 ton capacity copper manufacture and smelting plant by Melcob; and a 70 billion escudo fertilizer project by the Office Cherifien des Phosphates of Morocco.

In spite of these efforts to go global, opinions are divided over the effects on Portuguese industry of a single-market Europe. A recent survey by the heavy engineering sector's Industrial Association, for example, shows that while many firms regard Europe's single market as a positive development for Portugal, 40 percent of those surveyed expect that it will have no influence because of a lack of external markets. The vast majority of the 1,500 domestic firms in the sector are small and medium-sized enterprises with relatively limited funds available for modernization, but nevertheless over half are investing in plant modernization and advanced technology, prodded by the single market. Yet first-half business profits in 1991 fell by 6 percent, after inflation, while training and international distribution networks remain problems in the sector.

Opinions are also divided in another of Portugal's primary industrial sectors, the

footwear industry. Exports rose from 16 million pairs of shoes a year to 77 million between 1980 and 1990, with 1990 export earnings of 170 billion escudos, 9 percent of the overall national total. Production in 1990 was 102 million pairs, with a revenue of 235 billion escudos. Most of these sales were within the EC, which absorbs 78.3 percent of Portuguese footwear exports; EFTA countries take 13.7 percent.

In spite of these positive results, the industry fears a troubled future due to Asian and East European competitors. The National Footwear Industry Association warns that Asians are breaking into the quality market segment, while there is also a threat from low-labor-cost East European producers.

Ongoing privatization efforts are expected to inject new life into the industrial sector and help it survive the challenges of the new Europe and of globalization. The public industrial sector should fall from 31 percent of domestic gross value-added to 25 percent in 1992, according to Jose Elias da Costa, secretary of state for finance, with its share of Portugal's overall economy set to fall from the current 16 percent to 12 percent by the end of 1992, and down to 6 percent in 1995. Mr. Elias da Costa believes the reduction of the state's role in the economy through deregulation and liberalization is essential for real and nominal convergence with the rest of the EC. The total value of the state industrial sector due to be privatized is around 1 trillion escudos.

A major privatization move concerns Quimigal, the former state-owned chemicals conglomerate, which is to stage a giant auction of assets in the Barreiro industrial park south of Lisbon this June. Quimigal includes 20 manufacturing plants, some still operational, and other items worth a total of 300 million escudos.

In addition to privatization and encouraging companies to modernize their operations and adopt a more global outlook, the government is organizing special initiatives to solve pressing problems in the industrial

Continued on page 17

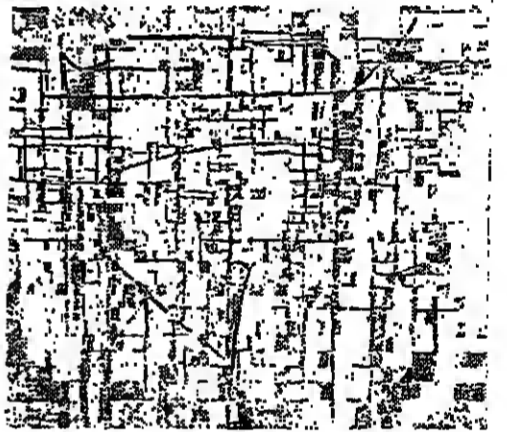
Personalities Seeing 'What Is Not There'



Maria Helena Vieira da Silva, widely regarded as the greatest Portuguese-born artist of her time, died in Paris on March 6 at the age of 83.

Born in Lisbon into a cultivated family of liberals, she was given a cosmopolitan education and traveled widely in Europe from an early age.

In Paris, she first studied sculpture but switched to painting under the



tutelage of French modernist Fernand Leger. In 1930, she married the Hungarian painter Arpad Szenes, who died in 1985. Both were members of what has come to be known as the Ecole de Paris. She evolved a personal, abstract style that evoked labyrinthine cityscapes.

Lisbon left an indelible stamp on her imagination. The cobblestone streets and decorative tiles, or azulejos, that cover many of the city's buildings are evoked in her work.

"I look at a street," she wrote, "and see people passing on foot or on various machines at various speeds. I think of the invisible threads that pull them." Her paintings, she said, show us "what is not there as though it were."

Because her husband was partly Jewish, the couple fled Paris at the beginning of World War II, going first to Lisbon in 1939 and then to Rio de Janeiro. Her paintings during this period, such as "The Disaster," reflect her deep anxiety over the war. She returned to Paris in 1947. Her success there spread to New York, Germany and Britain, and her work was influential for American abstract expressionists in the 1950s. The couple became French citizens in 1956 after the then-rightist regime in Portugal refused her Hungarian husband Portuguese nationality.

After the overthrow of the dictatorship in the 1974 "Revolution of the Carnations," Portugal repaired its relationship with the first Portuguese artist to gain worldwide recognition, although she continued to live in Paris. In a memorial tribute, Portuguese President Mario Soares said that the three posters she painted to celebrate the revolution "remain as a symbol of the re-meeting of a free spirit with a freed country."

In the later years of her life, she was decorated with the French Legion of Honor and with the Portuguese equivalent, the Ordem da Liberdade. An Arpad Szenes-Vieira da Silva foundation will be set up in Lisbon. Peter Wise

Incentives Foster Growth of Small and Medium-Sized Companies

Small and medium-sized enterprises (SMEs) are the backbone of Portuguese industry. Companies with fewer than 500 workers account for 99.7 percent of total Portuguese enterprises and employ 76 percent of the work force.

Companies with less than 10 workers make up 76.1 percent of the total, and barely 200 companies have over 500 employees. SMEs have the advantage of flexibility; they adapt quickly to changing circumstances. This is proving to be of great importance as companies prepare to cope with increased competition within the EC. But to take full advantage of their versatility, Portugal's SMEs have a number of difficulties to overcome.

The Institute for the Support of Small and Medium-sized Enterprises in Portugal (IAPMEI) was created 16 years ago to identify the problems and develop strategies to surmount them. IAPMEI Chairman Jose Ramalho de Almeida cites the following as the main challenges:

The relatively low level of education of the country's businesspeople. Only 35.5 percent have attended a university.

A lack of qualified administrators and technicians.

An excessive involvement by company heads in day-to-day affairs, leaving them little or no time to plan medium- and long-term strategy.

Undercapitalization. The ratio of owned capital to total assets for Portuguese companies is considerably below the EC average. Linked to this is an excessive dependence on bank credit as a means of finance.

IAPMEI is working on several fronts to help alleviate these difficulties. One of the most important is the administration of key industrial investment incentives. The basis for these is provided by two EC-funded systems, known by the abbreviation of their Portuguese titles: Program for the Development of Portuguese Industry (PEDIP) and the Regional Incentive System (SIBR).

PEDIP comprises six separate subprograms: basic infrastructure and technology, professional training, investment in improved production (SINPEDIP), financial engineering, productivity, quality and industrial design. It also includes two integrated incentive programs, one for information technology and electronics (PITIE) and another for the development of capital equipment industries (PRODIBE), that draw on elements of the six subprograms.

The financial resources earmarked for the PEDIP program amount to 2.35 billion escudos (\$1.8 million). Targeted to the smaller industry, all are cash-grant systems with a ceiling of 250 million escudos. Larger amounts are available for important

schemes of national interest on a case-by-case contractual basis.

SIBR, the regional incentive scheme, harmonizes with one of the six programs within the PEDIP scheme, known as SINPEDIP. SINPEDIP applies to proposed investments in the most industrialized area of Portugal, a strip along the Atlantic coast starting just south of Lisbon and going north to the border with Spain. The SIBR scheme applies to proposed investments outside this area.

The two systems work together so that investment in industrial modernization in any part of the country may qualify for incentives of 20 percent to 40 percent of the total relevant costs. In the SINPEDIP area, investment in technological development may also qualify the project for incentives that bring the total percentage of grants funding to 50 percent to 70 percent.

Since 1988, IAPMEI has handled more than 10,000 applications for incentives, of which some 45 percent were approved," says Mr. Ramalho de Almeida. "The global amount awarded in grants over the period has reached 270 billion escudos."

A clear indication of how incentives are helping the diversification of Portuguese industry emerges from the figures. In 1989, 32 percent of applications for grants came from the traditional textile and clothing



Small business, big incentives.

sector and 28 percent from the metallurgical sector. By the first half of 1991, the trend had reversed so that only 17 percent of project applications were coming from textile and clothing companies while 28 percent originated with metallurgical enterprises.

To help companies cope with capitalization difficulties, IAPMEI has created Portugal's two biggest venture-capital companies, Norpedip and Sulpedip, each with a

capital of 5.5 billion escudos. Over the past two years, these two companies have invested some 6 billion escudos in 60 different SMEs. The aim is to keep the holdings for seven or eight years and then sell them.

Mr. De Almeida believes the selling of venture-capital holdings will provide a good opportunity for the listing of SMEs on the stock exchange. A recent reform of Portugal's capital markets envisages the formation of a second market for SMEs. To stimulate companies to go public, IAPMEI has proposed a package of incentives.

Portugal's high interest rates are another obstacle that IAPMEI helps SMEs overcome through the setting up of special lines of credit at subsidized rates. Two lines are currently open with BPA-Banco Portugues do Atlantico and BNU-Banco Nacional Ultramarino, a state-owned bank with a special vocation for helping SMEs.

IAPMEI also plays an important role in providing information for SMEs, fostering overseas contacts and training entrepreneurs. One of its most successful education programs, known as Training Action, involves tapping the skills of outside consultants to analyze the situation of a specific SME and then devising and putting into practice strategies for improving performance. Peter Wise

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. Peter Collins is a free-lance journalist based in Lisbon. Dwight V. Gast has written about Portugal for numerous newspapers, magazines and guidebooks. Ken Pottinger edits Datatite Portugal, an economic briefing service, and is a Lisbon-based free-lance journalist. Lisa Rosenthal is a free-lance journalist based in Lisbon. Peter Wise is a free-lance journalist based in Lisbon.

ADVERTISING SECTION



Clean, Green, High-Quality Industry

The responsibility for successful domestic development within the context of EC membership falls to a large extent on the shoulders of your industry. How have you set about meeting this major challenge?

Despite remarkable growth in the services sector, industry remains the driving force of our economic and social development. In Portugal, there has always been a significant correlation between GDP growth and industrial development. In general terms when I first took office in 1987, industrial productivity was, on average, some one-third of EC industrial output. Energy was a major comparative disadvantage for the economy. Portugal was a marginal and peripheral consumer with an inefficient and inflexible energy system supplied by public sector monopolies, which passed on the costs of their inefficiency to the domestic and industrial consumer. With the arrival of political and social stability, the influx of EC funds and heightened confidence among workers and businessmen, we began the process of restructuring, modernizing and diversifying Portuguese industry and liberalizing and privatizing the energy system, making it less dependent on oil and better integrated with European ener-

with remarkable effect. We continue to provide incentives and encouragement to companies in areas like technological innovation, quality and industrial design, in introduction of clean technologies and in the development of high-quality technologies. We also seek to support cross-border development by Portuguese companies. We want to concentrate further significant efforts in restructuring textiles, clothing and footwear.

Are there any industries you actively encourage? And how much emphasis is there on the environmental impact of the new industries?

Good examples of the kind of industry we are not interested in encouraging are those that are energy-intensive, highly polluting or that base their competitiveness exclusively on cheap labor. Both new industry and existing plants are already subject to the environmental norms and standards of the EC. Naturally, for existing industries we are understanding of problems and give factories more extended periods to adapt to the norm. This investment effort in clean industrial technology was launched with financing by the Specific Program for Development of Portuguese Industry (PEMPI) EC program, and we intend to continue it under the new Cohesion Fund set up at Maastricht.

The textile sector is being trimmed, and textile industrialists need to act. How far has the process gone and what remains to be done?

The textile sector is one where we lag behind considerably, although thankfully we do have some European integrated operations. Textile, clothing and footwear will remain sectors in Portugal although with a lower installed capacity, and we anticipate that some 60 percent to 40 percent of existing operations will disappear. In the Vale do Ave, an archetypically textile-oriented region, we need to make an industrial diversification effort focusing on lowering the relative density of textile and clothing operations. We are encouraging light engineering, automobile components, agricultural and electronics industry to move to the region to reduce textile dependency. Foreign investors in these industries are also being encouraged.

You are eager to repeat the success in Vale do Ave and other depressed areas. What are the priorities? Clearly, we would like to repeat the Vale do Ave success. The foreign investment interest and industrial diversification success achieved in Setúbal. We are investing massively in infrastructure (including road networks), telecommunications, technology centers, technical, professional training, technical colleges, waste treatment plants and energy distribution networks. The investment in building up a favorable industrial environment is backed by an industrial diversification incentive system (INDAVE), which offers cash grants that — along with European Social Funds for professional training, research and venture capital — we hope to attract new industrial projects (not based on textiles, clothing and footwear) to the region. Once the Dehesa, L. package is approved, we will be able to invest on new EC funds that will help

maintain these initiatives and enable us to launch the clothing and textile industry modernization plan that we presented in Brussels.

Your department has laid stress on the "third industrial revolution" in which industrial support services will be an important future industrial development area. Could you explain your main objectives?

In modern economies, the services sector is of growing importance in increasing efficiency in the industrial sector. In fact, this is in great part responsible for increased industrial flexibility and enables specialization and progress in manufacturing. It is here that support, consultancy, technical assistance, financing, etc., play a crucial role. It is also clear that a well-developed financial sector plays an important role in expanding and strengthening industry.

Some industries remain in the hands of the state. A legacy of the 1976 nationalizations. How many are still to be privatized?

In the privatization process, where it has proved impossible for Portuguese companies alone to buy and manage the operations, we have either sold these directly to foreign operators or encouraged them to partner with Portuguese companies. In the case of the Sines power station, and it will also happen with the natural gas power station in Sines, in other cases and wherever possible, we seek to ensure that even with foreign participation, Portuguese business retains a controlling interest in the equity and paper and control of the company. With companies like Portugal and Empresa de Desenvolvimento Metalúrgico, we will initially proceed cautiously, offering only a minority stake to private enterprise. As far as companies are concerned, there is no agenda. The privatization of Petrolgal, the national petroleum company, is currently under way. At the second half of 1992, Sines, Sines, Nacional, Companhia Nacional de Papel will be privatized following their restructuring. Estaleiros Navais do Monto de Castelo is also under way. In 1993, we will privatize Rádio Portugal, EDP-Electricidade de Portugal supplier for power generation and distribution. We will also begin opening up capital in Empresa de Desenvolvimento Alentejano.

How important is the sector of natural gas in your energy market? In the long term?

Portugal still imports some 70 percent of the energy it consumes, with oil accounting for 40 percent of the country's energy needs. Natural gas will reduce our dependency, introducing cleaner and more competitive energy to the country.

What are you doing to develop a nuclear program?

We are making a major effort to show the world that Portugal is increasingly a producer of high-quality, sophisticated products and services. We are promoting Portuguese brands names for industrial products of the highest quality and to foster research of Portuguese industry in various European markets. The EMPDI program is offering incentives to improve industrial quality and design.



Luis Mira Amaral, Minister of Industry and Energy.

gy systems. Simultaneously, we sought to ensure that the domestic economy made more efficient use of energy.

Are you generally content with the changes seen in the national industrial fabric since EC entry in 1987?

Between 1986 and 1991, industrial investment increased 70 percent. The Portuguese industrial panorama today is far different from what it was in 1986. We have restructured the steel and smelting industries and launched programs to develop information technology and capital goods manufacturing. There have been major strides forward in the mining industry, forest products, electronic products, plastic machinery, automobiles and their components are all contributing to industrial diversification. Foreign industrial investment has begun to flow significantly. We are supporting infrastructure development of strategic importance to industry such as railways, highways, energy parts and technology. We have established technology centers and new technology institutes; good examples of industry-education cooperation. There are very clear signs in business of substantial increases in industrial productivity and improved quality management. We have opened a new and declining industrial region — Setúbal —

Helping Industry Expand and Upgrade

Portuguese industry is rapidly catching up with the rest of Europe, aided by EC funds and government efforts to promote higher quality.



Numerous quality-control inspections have been established.

The country's Ministry of Industry and Energy is charged with the task of promoting the upgrading and expansion of the nation's industrial sector and ensuring that the sector is aware of the threats and opportunities for Portugal in a fast-changing Europe.

Luis Mira Amaral, Minister of Industry and Energy, says the ministry places great importance on technology, quality design, clean industry and environmental protection, as well as highly qualified management and labor force.

Mr. Mira Amaral says that Portugal is modernizing and restructuring traditional industries and exploring new industrial uses of natural resources. The country is promoting increased aware-

ness of new technological trends in electronics, image processing, lasers, robots and other high-tech production tools, and is also encouraging the development of service and information technology industries that can supply industrial automation processes and tools for production management of CAD/CAM and internal services linked to data processing in teaching systems, training, transport, energy, finance and public services.

To support his overall industrialization campaign, the state has set up numerous of elements — quality control laboratories — for the manufacturing, scientific, economic and social indicators, and will soon open offices for the

higher throughput, such as textiles, leather, ornamental stone, mold, plastics and optical industries. The Portuguese Institute of Quality (IPQ) is the national body that manages and develops the National System for Quality Management (SNGQ), the legal framework for quality control in Portugal. IPQ issues certificates to companies whose products meet its standards.

In being universities and research centers together, the ministry has supported the establishment of research centers, which have been set up in Lisbon on the subjects of Electronica, Optics and Colours. Investments in research and development (R&D) programs are promoted. Productivity boosting programs for industry have also been set up.

In the mining industry, one of Portugal's major trump cards, greater support has been given to the updating of geological and hydrological maps of the country and to the opening and classification of reserves. The government has entrusted a new bill inventory of the amount of the added-value potential of Portugal's significant geological resources.

The ministry's other areas of action include a "Made in Portugal with Quality and Taste" campaign to promote the country's products, including wine, cork, and other products, and participation of local goods and processes to guarantee that they meet EC and International Standards.

Mining Operation Boosts Trade Balance

Five years of carefully prospecting a 4,000 square meter (43,055 square foot) site in southern Portugal paid off handsomely in 1977 when mineralogists discovered the biggest copper ore deposits in Europe there. Sophisticated technology is now being used to lift the ore from depths of up to 1,000 meters (3,200 feet) in what has developed into one of the most advanced mining operations in the EC.



The Somincor joint-venture mining operation is both profitable and "green."

Modern technology and know-how are also being applied to realize the full potential of other mineral-rich areas in the country. Portugal is currently the biggest supplier in the EC of copper, tin and wolfram (tungsten) and is a major producer of ornamental stones such as granite and marble. The country mines gold and silver and has considerable deposits of uranium ore.

But Portugal's greatest mineral wealth is its copper deposits. Those discovered at Neves Corvo in the southern Alentejo region are not only big — the five seams in the area have an estimated yield of 33 million metric tons — but the ore they produce is also of the highest quality, with an average copper content of 8 percent, compared with 0.8 percent in some of the world's other leading mines.

The mine is operated by Somincor-Sociedade Mineira de Neves Corvo, a joint venture in which Portugal's state-owned mining corporation, EDM-Empresa de Desenvolvimento Mineiro, has a 51 percent stake and Britain's RTZ-Rio Tinto Zinc, the world's biggest mining group, 49 percent. The mine came on stream in 1989 and reached its cruising capacity target of extracting 1.6 million tons of ore a year in 1990.

This yields approximately 680,000 tons of copper concentrate and 3,000 tons of tin concentrate per year. On the basis of deposits discovered so far, the mine should produce for 20 years. The company is also prospecting an area of 600 square kilometers (231.6 square miles) adjacent to the

existing mine, where further mineral ore finds can be expected. Somincor is studying the feasibility of a zinc project in the same area.

All the concentrate produced is exported, making Somincor one of Portugal's best performing companies in terms of trade balance. The mine's exports totaled 33.7 billion escudos (\$29 million) in 1991. Main markets are Spain, Germany, Canada, Japan and Finland for copper concentrate and the Netherlands and Britain for tin. Profits were 24 billion escudos in 1991, down from 17.3 billion escudos the previous year because of a drop in copper prices.

"But even if copper prices fell to their historic low, the Neves Corvo project would still be profitable," says Somincor executive Cesar Gromicho. "This is part of our original business plan, which makes the company highly competitive in world terms."

Somincor's operations are an outstanding example of successful cooperation between Portugal's state industrial sector and foreign investors. The project involves 30 kilometers of underground workings, including a 3.5 kilometer long access ramp for the sophisticated extracting machines that dig out the ore and a 600 meter deep vertical hoisting shaft.

The mine is the model of a modern, high-tech installation. The processing sequence is monitored by computerized systems that control the mass and the physical-chemical makeup of the ore being extracted, allowing constant comparison with planned estimates and immediate processing corrections when necessary.

Some 60 percent of the construction input into the project is Portuguese, which has made the mine an important stimulus to domestic industry. It employs just over a thousand people, which, together with their families, represent a fixed population of some 2,500 people.


Recruitment policy focuses on tapping locally available human resources — about three-quarters of permanent staff are from the region. Education is encouraged through scholarships and grants. By the end of 1991, the company had given 544,000 hours of professional training to more than 3,500 trainees.

Somincor has also taken the utmost care with the environmental consequences of the project. It commissioned and applied a detailed impact study designed to ensure that the mine disrupts the existing ecology as little as possible, from animal and plant life to traditional economic systems. The efficiency of installed environmental control systems is continuously tested through a network of atmospheric emission, noise and effluent monitors.

"We have been careful to implement the highest international standards in regard to safety and the environment and to comply fully with all EC directives," says Mr. Gromicho. "We voluntarily have our operations inspected by government teams to ensure complete credibility."

Environmental protection extends to preserving the archaeological remains from Roman mines that explored the same site more than 2,000 years ago.

P.W.



portuguese Oil Business means Petrogal.

Petrogal is the largest Portuguese company. Connected with the oil industry, Petrogal is the only company to refine oil in Portugal. A dynamic, active company — it holds more than 50% of the market share —, responsible for part of the Portuguese exports of chemical products, lubricants and fuels. Petrogal wants to go further. Beyond its activities in Spain, Petrogal is specially oriented towards Africa. We have a responsibility and a path to follow.

Petrogal, s.a.
Rua das Flores, 7 - 1200 Lisboa - Portugal

Stringent Laws Will Protect Environment

Europe's cleanest rivers flow through Portugal, where geographical position and a relatively low level of industrialization result in a quality of environment enjoyed by few other developed countries.

State-of-the-art legislation will now ensure that pollution does not follow in the wake of economic expansion. Although the country suffers from a few isolated environmental black spots, general pollution levels are well below those of most of Portugal's EC partners. "Even in our industrial zones, pollution is no higher than in non-industrial areas in other EC countries," says Jorge Rua, an official with the Ministry for the Environment and Natural Resources.



Carlos Botelho, Portugal's minister of the environment.



Facilities like this water-treatment station are part of Portugal's efforts to achieve industrial growth without compromising environmental quality.

Environmental legislation was virtually nonexistent until a "Basic Law of the Environment" was passed in 1987, setting out broad objectives. Since then, officials have moved fast to produce sophisticated legislation to implement the basic law. The authorities are emphatic: they want Portugal to be seen as a country with exacting pollution controls. "We are very conscious that many companies move from the north to the south of Europe seeking to reduce costs, not just through lower wage bills but also because they perceive environmental regulations to be lighter or nonexistent," says another ministry official. Legislation covering noise, toxic waste and solid waste products is already in place. Other major laws are being implemented that for the first time in Portugal define clear rules on the following: • Water pollution: The law stipulates what water sources may be used for the disposal of industrial effluents, what fees will be payable for the emissions of what levels of effluent and the maximum permitted levels. • Air pollution: The law provides a regulatory framework for EC rules on levels of

air pollution that have already been written into Portuguese law. • Project evaluation: The law implements an EC directive on assessment of the environmental impact of major projects. In addition, an environmental component has been added to regulations governing the establishment of industrial enterprises. Along with this new legislation, a system for monitoring pollution levels of air and water has been set up nationwide, together with a network of laboratories. Support is being given for research and development specifically focused on environmental issues, and a range of EC-funded incentives has been made available to help companies meet more demanding environmental standards. New environmental legislation applies immediately to all new projects, but existing industries will be given transition periods to comply. Carlos Botelho, the environment minister, has proposed a pact between government and industry designed to ensure that the environment is protected as industrialization gathers pace. "The aim is for industry to come forward with proposals sector by sector for meeting the new environmental standards," says

Francisco Barracha of the Directorate-General for Environmental Quality. "We will leave it to each industrial sector to decide the best means and technology to adopt to meet the required standards. When the two sides are agreed on a proposed series of actions and a timetable, the accord will be formalized through the signing of a protocol." In one successful example, the country's four paper pulp companies have signed a contract with the government agreeing to meet the demands of the new laws on water and air pollution within three years, in some cases meaning a reduction of waste by 75 percent. Companies accept the need for change and favor new legislation, which will replace what they see as the arbitrary decisions of different authorities with clearly defined rules. "More and more companies are coming to see that anti-pollution measures have to be calculated as a production cost and can often help to improve manufacturing processes," says Mr. Rua. "Industrial development is compatible with a protected environment. We don't have to suffer more pollution to achieve a higher standard of living." P.W.

Portugal's Crafts: A New Age Of Discovery

Exquisite hand-wrought Portuguese crafts are now making their way into the international marketplace in the same exciting spirit with which Portuguese navigators once sailed their seagoing craft around the globe.

In a tradition that began in the 16th century when Portuguese craftsmen began to reproduce Chinese porcelain brought back from trade routes, Portuguese craftsmanship has now firmly established itself throughout the world. Hand-embroidered Arraiolos rugs grace the collections of such distinguished venues as the United States government's Blair House in Washington, the Victoria and Albert Museum in London, and the Musée des Arts Décoratifs in Paris. The Vista Alegre porcelain company in coastal Ilhavo manufactures its own time-honored designs as well as reproductions of historical pieces for gift shops at the Metropolitan Museum of Art in New York and the Musée des Arts Décoratifs in Paris. The Oporto company of Topazio produces its own trademark filigree work as well as special orders such as salt and pepper shakers for Tiffany's and silverplate Mickey's for the Disney amusement parks. Nowhere, however, are Portuguese crafts as abundant (and reasonably priced) as in Portugal itself, particularly in Lisbon. For those who want to educate their eye, many such objects may be seen at their loveliest at the Fundação Ricardo do Espírito Santo Silva (Largo das Portas do Sol), Lisbon's decorative arts museum, which also houses a number of crafts workshops and an interior-design school. Arraiolos rugs, Vista Alegre porcelain, Topazio silver, Atlantic crystal, Mar-

inha Grande glassware and the decorative tiles called azulejos are on display in rooms handsomely fitted with period-style furnishings.

Portugal's celebrated handicrafts can also be seen at the Centro de Artesanato (Praça das Industrias) in Lisbon. There, the country's embroidery, lace, jewelry, fishermen's knit sweaters, cork, copper and ceramics have been gathered together and are on display (and for sale).

The ceramics alone range from the black pottery of Vila Real through the grays of Matra and Sobreiro to the soft whites found throughout the country. Other regions span the spectrum with such pieces as the brightly colored Barcelos roosters, the polychrome pottery of Aveiro, the blue-and-white patterns of Coimbra and Alcobaca, and the flora and fauna forms of Caldas da Rainha.

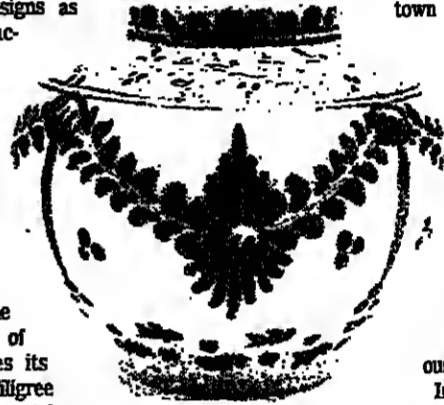
Among the most rustic are the unglazed terra-cotta pots from the Alentejo region, especially the town of Estremoz, made in shapes whose designs date back to Roman times.

Among the best-known of Portuguese regional handicrafts are Madeira's lace and embroidery, which deserve special mention since so many shops in Lisbon alone (such as Madeira Superbia at Avenida Duque de Loule 75A) deal exclusively in goods from the tiny island.

Outside Lisbon, there are a number of opportunities to shop for regional crafts in their various places of origin. Madeira lace and embroidery is on sale at Oliveras (Rua dos Murças 22 and Rua da Alameda 11), Teixeira (Rua do Aljube 13), Jabara (Rua Dr. Ferrão de Omeias 59), Mima (Estrada Monumental 288), Arte Ricamo (Rua dos Murças 34) and Agilina d'Ouro (Rua dos Murças 30) in the island capital of Funchal. The Alentejo town of Arraiolos has a number of shops (Tapetes Calantica at Rua Alexandre Herculano 20; Fracop at Praça Lima Brito; Condestavel at Avenida Bombeiros Voluntarios) that sell the famous rugs.

In central Portugal, Coimbra's celebrated handicrafts may be sampled at the Casa de Artesanato da Região de Coimbra at Rua de Sobre-Ripas 45. Finally, in the north of the country, the silversmiths of Porto display their wares in such quality shops as Luiz Ferreira & Filhos (Rua Trindade Coelho), Candido José Rodrigues (Rua das Flores 275), David Rosas (Avenida da Boavista 1471) and Rosior (Rua Eugenio Castro 263), and more of Portugal's fine embroidery may be found at Casa dos Linhos (Rua de Fernandes Tomás 660) and O Sonho (Rua das Flores 322).

Dwight V. Gast



400 years of decorative arts.

Automobile Industry Gears Up for Expansion

Portugal's modest automobile industry has come a long way from its origins as an assembly operation for the domestic market with very low local value incorporation and is now gearing up for a period of expansion.

In the lofty terms of macro-economics, Portugal's automobile industry has a deceptively low rating. As a money earner, it lags behind traditional industries such as tourism, footwear, textiles and garments. The combined assembly lines of the 19 manufacturers with car production facilities in Portugal account for no more than about 4 percent of the country's total industrial production. In 1991, vehicle exports earned 151.6 billion escudos (\$1.1 billion), 6.5 percent of total export earnings, as compared with \$1.7 billion escudos and 21.9 percent for textiles. But the numbers hide a latent buoyancy. True automobile manufacturing — as opposed to the assembly of imported kits or parts — began in Portugal in the 1960s with Renault's ground-breaking installation of major production facilities for vehicles, engines, gear boxes and pumps. The investment opened up an era of genuine manufacturing with high local value incorporation. It also spawned a component industry that was to burgeon into an important employment and export source.

Renault's initial investment comprised an 80,000 per year capacity vehicle assembly line, a 225,000 per year capacity engine plant, and a gear box line and pump line, each with a production capacity of 100,000 per year. In 1965, the company followed up with a foundry for engine blocks and parts. General Motors Corp. inaugurated an assembly line in 1969 and expanded in the '80s with two major component factories — one for cables and the other for small mechanical parts. Fiat also built a mechanical component plant in the '80s.

At the same time, Portuguese companies such as Solex Portuguesa (carburetors) and DBA-Bendix Portuguesa (axle brakes) began to enter the component manufacture market, either in joint ventures with EC partners or with technology transfer contracts. By 1990, local automobile tire and component manufacturing had grown into a 200 billion escudo per year industry, employing a work force of close to 21,000. Exports in that year for original equipment and spares added up to close to 119 billion escudos.

Eleven companies operate automobile assembly and manufacture lines in Portu-

gal today. Four are multinational subsidiaries: General Motors de Portugal, Citroën Lusitana, Ford Lusitana, Renault Portuguesa. The rest are locally owned companies working under license agreements with varying degrees of capital participation by the licensing company. Toyota, Mazda, Peugeot Nissan and Mitsubishi vehicles are produced in Portugal under this system.

Despite a dip in the mid-1980s, overall production climbed from 75,675 vehicles in 1979 to 141,577 in 1991. Of last year's total, 71,973 units were passenger cars, the rest light and heavy commercial vehicles. After 1994, when the massive new Ford/Volkswagen plant being built at Setúbal starts turning out its joint-venture MPV model, the numbers will look still better, of course. At cruising speed, the 2.8 billion dollar plant — "part of Europe's response to Japan," as Ford Europe chairman Lindsay Halstead has called it — will produce 180,000 cars per year, mostly for export. It will also generate a huge new component demand.

The Ford/VW plant will virtually double Portuguese automobile production overnight. João F. Anastacio, head of Portugal's two automobile industry associations, Associação dos Industriais de Montagem de Automóveis (AIMA) for the industrialists and Associação do Comércio Automóvel de Portugal (ACAP) for the dealers, suspects that growth will be no more than moderate elsewhere in the industry. Nevertheless, he does forecast an era of gradual expansion — some of it fanned by the draft from the Ford/VW venture — with the Portuguese industry developing a number of niche positions in the market.

"It all depends on the future of the car market in the rest of Europe," he says. "If it grows, our industry will grow, if it doesn't we will have to wait. The companies that have plants here built them to play a specific role in a marketing policy. But I think it is logical to assume that other companies may follow the lead of Ford and Volkswagen."

"There are a number of points in our favor," he continues. "For one thing, we are in a good geographic position for exporting to places like Africa. Another thing is that since relatively low investment is required, firms have been able to use our plants with some success in niche market operations like end of line production runs — the Mini Moke and the Citroën XCV, for instance, or in production test runs like Ford's production here of the P100 pickup for Britain. There will also be the existence of a strong component industry."

The task of helping Portugal's auto-components industry meet the stringent demands of the large Ford/VW operation has fallen to the government agency IAPMEI (Instituto de Apoio as Pequenas e Médias Empresas e ao Investimento), which is designed to promote and safeguard the interests of the country's small and medium-sized businesses. In the case of the Ford/VW plant, its job has been to channel EC development money in the right direc-

tion and to coordinate the growth of a supply industry for the project. "The companies have responded very well on the whole," says IAPMEI board member Luis Palma Féria. "There is a group of about 90 firms so far in a position to become suppliers. At the moment, 12 have been given Q1 status, having satisfied the

requirement of a reject rate of under 2 percent over a 12 month period, and another 17 should be able to reach that potential with minor adjustments. There should be about 30 suppliers ready by the end of the year. Another 40 or so have a strong possibility of attaining the necessary status." Peter Collis

A state company formed by the merger of four oil companies that had been nationalized in 1975 — Sonap, Saco, Cidra and Petrosul — Petrogal became the owner at its inception of an aging 300,000 ton-per-year refinery in Lisbon, a 500 ton-per-year refinery in Oporto and a refinery at the new Sines industrial site 40 miles south of Lisbon. By 1979, Sines, with a production capacity of 10 million tons per year, was producing 50 percent per year more than the market could absorb. Although Petrogal's refining capacity is still in excess of Portugal's domestic needs, the company has survived its initial difficulties, largely through processing contracts with third parties. At the moment, these operations amount to about 3 million tons per year.

Petrogal's 15 years of state ownership left it endowed with a privileged market position and a monopoly on refining crude oil. It has managed to consolidate this advantage even after the total abolition of the market quota system over a year ago. With 19 international operators for competition, Petrogal still keeps a tight hold on around 50 percent of Portugal's petroleum products market in general and more than 50 percent of the market for gasolines. It has a total of 1,300 outlets, more than double the number of its competitors overall.

"The fact that we have been able to maintain our position is an indication of the profound changes the company has gone through and the changes in business attitudes that have occurred since the market was liberalized," says Mameia Meneses, head of Petrogal's marketing and foreign relations department. "You have to remember that the other operators are all interna-

Petroleum Company on the Road to Privatization

Petrogal, S.A., Portugal's largest company by sales volume, began life somewhat inauspiciously in 1975, forcibly committed to a project that was widely considered to be a white elephant of nightmarish size.



The Sines industrial zone, site of Petrogal's refinery, is set to offer new facilities and services.

nationals who don't need to be taught about marketing." Petrogal had difficulty learning to adapt to state ownership in 1976, but coping with a free-market economy may be easier, Ms. Meneses believes. "We have had time to adapt," she says. "The protections have been gradually done away with since 1988, and we have been operating in a completely liberalized market for about a year." The state will give up its majority holding in Petrogal by the end of the year. For the time being, it will retain 40 percent of the company equity, but in a second privatization phase, this holding will be reduced still further. The new owner will be a Portuguese-French consortium headed by France's Total oil company.

Jean Paul Vettier, vice president of Total's refining and distribution division, is guardedly optimistic about the company's future. "Above all, we have to be realistic," he says. "Refinery profit margins are not enormous, and there is a lot of competition. We will have to roll up our sleeves and work together." Plans for the future include a 60 billion escudo (\$433.2 million) investment in new cracking and conversion units at Sines, and a 30 billion escudo modernization of distribution outlet facilities. Petrogal's new ownership will consolidate still further the company's already strong relations with the Angolan national oil company, Sonangol. Total has offshore wells in Angola producing 60,000 barrels per day, and its activities will benefit from an association with Petrogal's well-developed distribution network.

The expansion of Petrogal's operations should inject new life into the 2,000 hectare (4,943 acre) Sines industrial zone and deep-water port where Petrogal's refinery is located. Sines was conceived in the 1960s as an Atlantic gateway to Europe, and successive governments poured money into port and manufacturing infrastructures that are widely recognized as being among Europe's best, but that have been underused since the facilities opened. The problem has always been private industry's reluctance to invest in the site, despite Sines's potential. PGS, the company now managing Sines, hopes to change this attitude by offering new services and facilities that will be more appealing to business.

ADVERTISING SECTION

Social Policy Integrates Workers Into Society

Portugal's social policy, forged in an arena where business, labor and consumer groups mesh wits, with the government as banker and referee, provides interesting insights into the forces that shape the modern nation.



A look at the social policies of today's Portugal reveals a complex scenario in which key problems are being addressed by a body of laws and regulations aimed at guaranteeing basic services while simultaneously improving the standard of living and compensating for salaries that are among the EC's lowest.

As government officials are quick to point out, much progress has been made in recent years, although budgetary constraints, high



Current priorities: Improving social security, medical care and occupational safety.

inflation and the need to align the economy with EC standards have made the job more difficult; as labor union and opposition party representatives are equally swift to note, much ground remains to be covered in areas like social security, medical care and occupational safety and health.

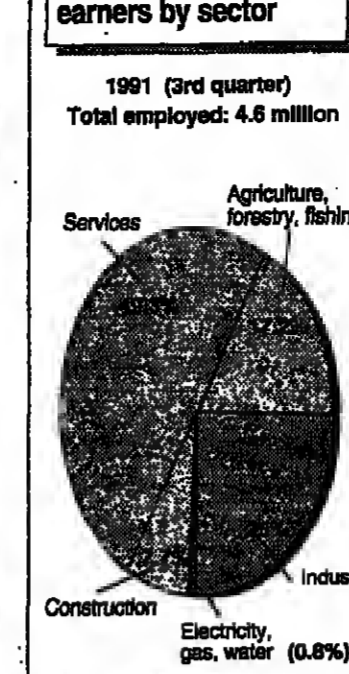
Among the most important benefits guaranteed Portuguese workers are universal health care, job security, subsidized transportation and a host of cash bonuses, termed "subsídios," that serve to supplement often meager salaries. The minimum

wage is 45,000 escudos a month, about \$316, and the minimum pension is half that. "Salaries and pensions are the lowest in Europe, but the government finds ways to compensate," says Horacio Da Fonseca, an official at the Employment and Social Security Ministry.

A sample of extras for low-income workers: a marriage bonus of 17,400 escudos, a 2,000-escudo grant for the birth of each child and a 3,670-escudo monthly subsidy for nursing mothers; there are also monthly payments for each child (2,300 escudos each for the first two and 3,900 each for the third and fourth), subsidies for handicapped children and even a "funeral grant" of 24,420 escudos. In addition, by law all workers get paid vacations, and both workers and retirees receive bonuses, equal to one month's salary or pension, before summer vacation and at Christmas.

But despite these extras and the fact that the cost of living is lower than in other European countries, life is a struggle for those on fixed incomes. "One million six hundred thousand people receive the minimum pension of 22,300 escudos a month — the price of dinner for two at Lisbon's best restaurant," says Jeronimo Da Sousa, labor leader and a member of parliament who represents the Partido Comunista Português (PCP). Mr. Da Sousa says that other issues the government should devote more attention to are the shortage of affordable housing for poor and middle-income people and the high level of workplace accidents and child labor — according to statistics compiled by labor unions and religious

Employment and wage earners by sector



groups, thousands of Portuguese children are employed illegally, mostly in construction, hotels and factories in the northern part of the country.

To cover the cost of pensions and medical care, employers pay social security taxes equal to 8.5 percent of a worker's salary; the worker's contribution is another 11 percent. But "although social security taxes are aligned with those in other EC countries," says the personnel director of one of Portugal's largest companies, "benefits are not. Sometimes people use up their life savings or take out loans to deal with medical emergencies because the waiting lists in public hospitals are so long." For this reason, supplemental health care insurance has become one of the most popular fringe benefits offered by large companies.

The government has been moving forward decisively to boost pensions: appropriations increased 230 percent between 1986 and 1991, at a rate significantly faster than growth of GDP, salaries or disposable income. And much assistance now comes in the form of social services.

"In the war on poverty, giving everyone the same fixed benefit doesn't work, and neither does a rigid national system," says Mr. Da Fonseca. For 1992, for example, the government has appropriated 4 billion escudos to fund 84 regional social welfare projects headed by non-public-sector employees, which provide housing assistance, job counseling and psychological support.

"The aim is to help people get integrated into society," says Mr. Da Fonseca. "As the Chinese saying goes, 'It's better to give a man a fishing pole than a fish.'" L.R.

Discoveries Explorer of Science, History & Sexuality

In an era when scientists are using sophisticated computer-based technologies to explore the functions of the human brain and the motors of thought and emotion, Portugal can take special pride in the pioneering research carried out during the first half of this century by one of the country's most distinguished citizens, Antonio Egas Moniz, recipient of the Nobel Prize for Medicine and Physiology in 1949.

Inventor of the cerebral angiography, a diagnostic tool still routinely used by neurosurgeons to map the blood vessels in the brain, Dr. Moniz also served as a senator and as Portugal's secretary for foreign affairs.

The son of wealthy aristocrats, Dr. Moniz was born in 1874 in Avanca, a small town in the northern part of the country. He received his medical education at the University of Coimbra, graduating in 1902, and worked there for the following eight years as professor of anatomy and histology. Appointed chairman of the fledgling faculty of neurology at the University of Lisbon in 1911, he began a short but successful career in politics, which reached its apex when he led the Portuguese delegation to the Peace Conference of 1918. A strong supporter of academic freedom, Dr. Moniz was imprisoned — albeit briefly — when he barred the police from entering the Lisbon campus during a student protest.

His writings, a vast body of work that spans six decades, are testimony to a brilliant and revolutionary mind that delved into a variety of fields, including history and literature. Dr. Moniz was frequently in conflict with prevailing social norms: his 1901 landmark study of human sexuality, "A Vida Sexual," was considered so provocative that it was sold by medical prescription.

It was only at the age of 51 that Dr. Moniz began his ground-breaking research in the field of neurological diagnostics; the result was cerebral angiography, a method of visualizing the blood vessels in the brain by injecting radio-opaque dye. "Today the procedure is quicker and safer, but it's basically the same that Moniz described," says Dr. Joao Lobo Antunes, chairman of the faculty of neurosurgery at the University of Lisbon. The Nobel Prize was actually awarded to Dr. Moniz for his research in psychosurgery, a disci-

CALENDAR

MUSIC

Orquestra Gulbenkian and Coro Gulbenkian (Gulbenkian Choir). World premier of "Macabre Moods" by Emanuel Nunes, a piece for solo flute, clarinet, tuba and percussion with choir and orchestra. Saturday May 16, 9:30 P.M. Grand Auditorium, Centro Gulbenkian, Avenida Borna 45, Lisbon. Tel.: 793 51 31. May 16, 9:30 P.M.
Organ Recital. Giorgio Carnini plays J.S. Bach. Lisbon Cathedral. May 24.
Coro Gulbenkian. Claudio Bonifaz conducts Mascagni's "Missa da Gloria." Grand Auditorium, Centro Gulbenkian, 45 Avenida Borna. Tel.: 793 51 31. May 26, 9:30 P.M.
Symphony Orchestra. Conducted by Charles Desmet. "The Four Seasons" by Vivaldi. "The Three Capricorns" by Fauré. Coliseu dos Recreios, Rua Fortes de S. Antão. Labor. June 5, 9:30 P.M.

EXHIBITIONS

Spain Show. Young Portuguese Artists. Design, painting and sculpture. Galeria Estoril Exhibition Rooms, Estoril. Tel.: 488 45 21. May 15-31.
Marie Perle. Rarely shown works by Portuguese poet/translator, translator, Estoril Gallery, Galeria Estoril, Avenida Borna 45. Tel.: 793 51 31. May 21.
Paula Rego. One of Portugal's leading women painters. Centro de Arte Moderna, Gulbenkian Foundation, Avenida Borna 45, Lisbon. Tel.: 793 51 31. From June 7.

SPECIAL EVENTS

Religious. Re-enactment of an atrocity during the reign of Queen Maria II in the gardens of the 16th-century palace of Quinta da Moura. 10 P.M. June 15.
Religious. "The Three Capricorns" by Fauré. Coliseu dos Recreios, Rua Fortes de S. Antão. Labor. June 5, 9:30 P.M.

pline now largely superseded by the development and use of psychotropic drugs. "There are people who speculate that he got the prize for the wrong contribution," says Dr. Antunes, "but you must remember that at that time physicians had few tools to treat severe psychological disorders."
Despite a crippling case of rheumatoid arthritis, Dr. Moniz remained active until his death in 1955, adding steadily to his huge bibliography and working tirelessly to help the sick and to train new neurosurgeons. Today the Lisbon-based Egas Moniz Center, funded in part by EC grants, continues to operate in the field of neuroscience research.
Lisa Rosenthal

Eastern Europe Links

Continued from page 15

sector. One such effort involves the textiles industry, whose restructuring is expected to cost around 700 billion escudos. An EC-backed 5.2 billion escudo industrial diversification incentive system, SINDAVE, was organized to cure the ills of problem companies in the crisis-hit Vale do Ave textile region in northern Portugal; restructuring the textile industry overall is likely to cost some 700 billion escudos. The SINDAVE program covers the worst-affected towns like Santo Tirso, Guimarães, Farnalicao and Fafe, and backs new, modernized company creation — 300 new companies were incorporated in the area in 1991. Its grants cover 75 percent of viable projects and offer tax incentives and seed-capital

funds; companies other than shoe and textile manufacturers are particularly being encouraged.

The European Regional Development Fund is providing 3.7 billion escudos of SINDAVE's budget.

New joint ventures with foreign partners are seen as a hopeful sign that Portugal's efforts to upgrade its industry are paying off.

The high-profile Ford/VW AutoEuropa plant, the biggest such domestic investment ever, is expected to earn export revenues of 1 trillion escudos in its first eight years; according to VW president Carl H. Hahn. Planned annual production capacity is 160,000-180,000 VXR2 multipurpose vehicles.
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Industrial Design: The Oldest Profession

Industrial design — the creative use of strategy, research and ergonomics to match factory output to market demand — is coming of age in Portugal.



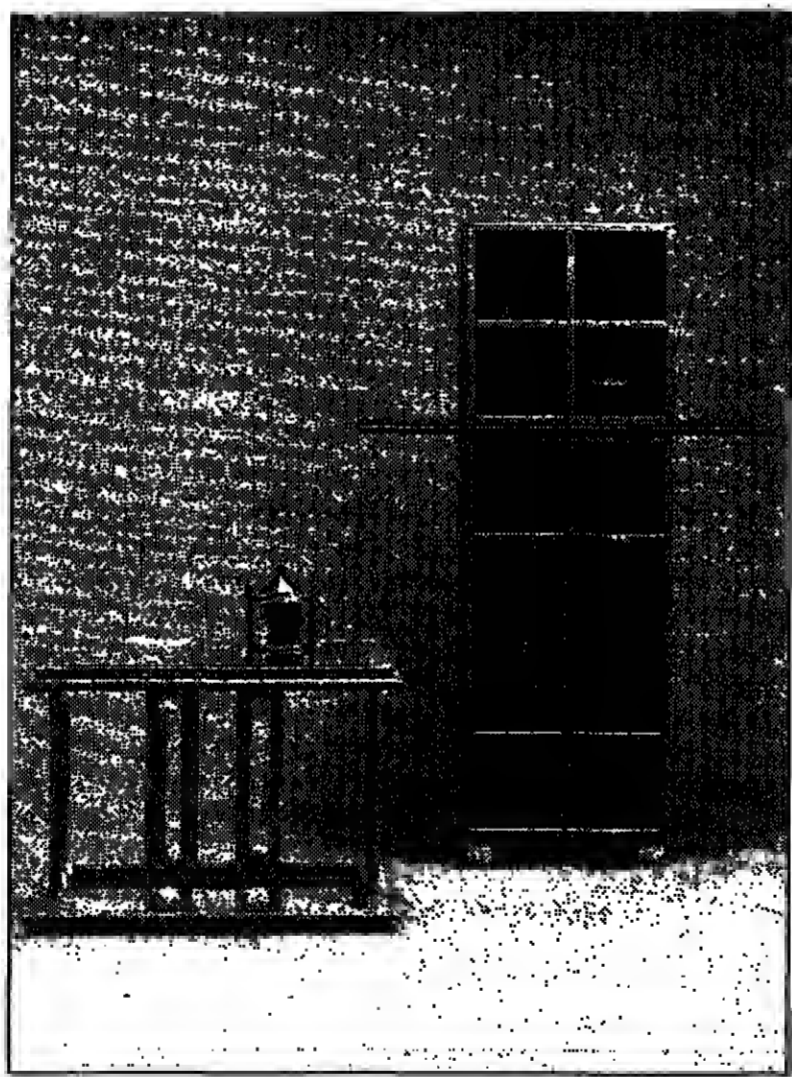
A growing number of industrial designers now wield influence in primary sectors like furniture production, while established players are using data bases to systematically link factories with designers and channel Portuguese goods into foreign markets.

"Design is the oldest profession in the world because without artifacts, tools and instruments, humanity couldn't survive," says Antonio Sena da Silva, president of the Centro Português de Design (CPD), a Lisbon-based non-profit organization founded in 1985 to promote industrial design on the domestic market and abroad. Using a data base that contains the names of thousands of Portuguese, European and U.S. designers, CPD serves as an informal network linking industry and design studios on a world scale. It also publishes new editions of industrial design "classics" and a quarterly called "Cadernos de Design" and organizes exhibitions, conferences, workshops and seminars. Many of these activities are conducted with the support of the Ministry of Industry and Energy.

A market player with a complementary strategy is Uniteam, an export, design and management firm with headquarters in Alfragide. "After the 1974 revolution, it was necessary to find new ways to sell Portuguese products abroad," says Artur Martins, one of the four founding partners. "Our aim was to organize the offer of home products — especially ceramics, utensils and cookware — on the basis of the specific needs and tastes of each market."

Created in 1977, Uniteam is the only exporter in Portugal to offer consulting on design and quality; it systematically scouts international markets for opportunities that match the productive capacities of its Portuguese clients. Last year, Uniteam channeled a stream of exports totaling approximately \$15 million to retail chains and importers in Scandinavia, Germany, the United States, Britain and France.

According to Mr. Sena da Silva, the approximately 60 industrial-design studios and free-lancers that now operate in Portugal are increasingly being asked to use their expertise to help factories rationalize oper-



The furniture industry, made up of more than 7,000 small companies that employ an average of 10 workers, is a good example of a business where designers are being called upon to help cope with change.

ations and adapt to new productive scenarios. The furniture industry, made up of more than 7,000 small companies that employ an average of 10 workers, is a good example of a business where designers are being called upon to help cope with change.

Another founding partner of Uniteam, designer Eduardo Afonso Dias, predicts that industrial designers in Portugal will play a growing role in the production and promotion of big-ticket items like furniture. A Uniteam subsidiary, Interior, is well-positioned to take advantage of the trend: alongside its main activity — importing top-market homeware from abroad — it also contracts out the production of designer furniture and then oversees promotion and sales on domestic and foreign markets. A recent client is the Belem Cultural Center, site of EC meetings during the Portuguese presidency; 30 percent of its wooden furniture was provided by Interior on the basis of original designs.
L.R.

the same time taking better advantage of skilled workers.

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Business Briefs

Portugal's national car-
rental turnover in 1990 was 27 billion escudos (US\$194.9), and the 1991/1992 growth rate is expected to rise by 10 percent, says the national rent-a-car association ARAC. Avis, Auto-Jardim, Europcar and Auto Serro lead the 120-firm market. Most of the fleets are small, totalling around 25/50 vehicles. Only 7 have more than 2,500 vehicles. The Algarve summer tourist trade is a significant business source with vast growth potential, according to ARAC.

A Nielsen survey shows that Portuguese super- and hypermarkets — 1.04 percent of the total 38,058 stores in the country — accounted for 44 percent of all 1991 sales; 215 billion escudos, 24 percent of the 896-billion-escudo market were reported by hypermarkets; supermarket sales were 179.2 billion escudos. Small food retailers saw their 1991 market share drop to 21.7 percent.

The country's first banking-sector merger in the current competitive climate is likely to involve BCM-Banco Comercial de Macau and UBP-Unico de Bancos Portuguesas. It aims at creating a large financial group also involving the Bonange insurance company, which is controlled by BCM. The two banks are considered complementary. A report on UBP prior to its forthcoming privatization says that its strong points are a nationwide 150-branch network and a large number of clients, especially among Portuguese communities abroad. Weak points

include a lack of qualified staff or major corporate clients. UBP's appraised worth is 40 to 45 billion escudos. BCM's first-quarter profits were up 18 percent, to 593 million escudos, from the same period last year, to PTE593 million. Cash flow rose 86 percent, to 1.285 billion escudos. BPA-Banco Portugues do Atlantico, the largest commercial bank, is planning a major expansion into Spain, possibly through the purchase of small or medium-sized Spanish Bank. A market study suggests the ideal BPA network should be 300-400 branches. BPA opened its third branch in Spain at the end of April. It now has offices in Madrid, Vigo and Barcelona.

SaeF (a domestic rating company) suggests the current size of the financial sector is disproportionate to the overall economy and particularly to the manufacturing sector. It says that with 712 financial institutions operating, mergers and acquisitions are on the horizon.

Imperio (a major insurance company) is to be privatized in July through a public auction on the stock exchange involving the sale of an indivisible block of shares representing 80 percent of the total capital at a base price of 4,000 escudos a share. Foreign investment will be limited to 35 percent of the block. The remaining 20 percent will be sold with tranches reserved for employees at 3,500 escudos per share, and 3,750 escudos per share for small savers, emigrants and the general public. Foreigners will be limited to acquiring a further 5 percent from this block. An obstacle to privatiza-

tion was removed with an agreement under which Imperio will pay 3.5 billion escudos to liquidate the debts of the London-based Imperio Reinsurance, but will receive a block of shares equal to this amount from the state.

A joint Pulp & Paper Producers Association (ACEL) and National Forestry Department survey confirms there is a developing shortage of eucalyptus for pulp production. It says the short-term supply is sufficient, but of the current plantations, 70 percent are less than eight years old (against a cutting age of 10-12 years); the survey stresses the need to build a strategic reserve. Between 1985 and 1990 (according to an air survey), eucalyptus plantations expanded from 435,000 hectares (1,074 acres) to 529,000 hectares (up by 21 percent). But the total raw material stock fell from 27 million cubic meters (953.5 cubic feet) to 21.8 million cubic meters (down 23.9 percent). Annual industry consumption is 5 million cubic meters of timber, while exports to Spain account for 1 million cubic meters. Required plantation expansion is estimated at 700,000 hectares. The industry is eyeing agricultural land being abandoned under the impact of CAP reforms.

A reception given by Luis Mira Amaral, Portugal's minister of Industry and Energy, and the International Herald Tribune is being held in Berlin on May 13 from 5:30 to 7:30 P.M. at the Bristol Hotel Kempinski to mark the publication of this eighth in a series of advertising sections on Portugal.
P.W.

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Portugal 1992 "THE UNIQUE MOVE" is being sponsored by the following organizations:

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SPORTS BASEBALL

Giants Overcome Kruk and Phillies On Walk in 10th

The Associated Press
John Kruk connected for his first two home runs of the year, but the Phillies lost, 8-7, to the San Francisco Giants on a bases-loaded walk with two outs in the 10th inning.

Kruk, batting a league-leading .396, also had a double and scored three times Monday night in Philadelphia. But the Giants were able to overcome Kruk and the Phillies as Royce Clayton's suicide

A Very Off Day

No games were scheduled in the American League on Monday. A return to the full schedule was expected Tuesday.

Dave Burba, the winners' fifth pitcher, escaped a bases-loaded jam in the ninth and pitched a scoreless 10th for the victory.

NATIONAL LEAGUE

Padres 4, Mets 2: In New York, Andy Benes pitched San Diego past the Mets, snapping New York's 11-game home winning streak. Benes, rebounding from a slump in his first three starts, in which he gave up 18 runs in 16 1/3 innings, limited the Mets to two runs on five hits in seven innings. He struck out nine and walked one.

Benito Santiago had a two-run single off Anthony Young in the first inning. The Padres also got a run-scoring sacrifice fly by Jerad Clark in the sixth and an RBI single by Tony Gwynn an inning later.

Cardinals 8, Braves 3: In St. Louis, Luis Alicea continued a spectacular hot streak with a triple, two doubles and five RBIs as the Cardinals took three out of four from Atlanta.

Alicea, 12-for-60, is batting only .200, but he has six hits in his last seven at-bats, including his first home run since 1988, two triples and two doubles and eight RBIs.

Brian Jordan added a two-run homer, a 414-foot (125-meter) shot in the fifth, against loser Steve Avery. Jose DeLeon worked seven innings to win for the second time since July 28. He struck out two and walked one.

Expos 6, Dodgers 5: Larry Walker's two-run single in the 10th gave the Expos a home victory. Los Angeles was one out away from snapping a three-game losing streak; it was the third time in four games that opponents have beaten the Dodgers in their final turn at bat.

Astros 2, Cubs 1: In Houston, Craig Biggio doubled in the 10th and scored on reliever Chuck McElroy's wild pitch to win for the Astros. Biggio doubled to left off McElroy and moved to third when Steve Finley grounded out. After Jeff Bagwell and Eric Anthony were intentionally walked to load the bases, McElroy threw the wild pitch past Luis Gonzalez.

Pete Harnisch, Houston's starter, gave up just three hits in seven innings, but reliever Doug Jones could not hold a 1-0 lead. Ryne Sanberg's bases-loaded single in the eighth tied it, but pitcher Greg Maddux, who reached on a walk, was thrown out at home on the play.



The Phillies' Mariano Duncan and Giants' Greg Litton watch Litton's throw home for a double-play.

Brett Misses All-Star Ballot For First Time in 17 Years

The Associated Press
NEW YORK — George Brett's name was missing from baseball's all-star ballot, for what Kansas City Royals officials believe is the first time since 1975.

Brett, a 13-time All-Star, is the Royals' designated hitter and so was dropped from the ballot, which includes only position players. Wally Joyner was listed as Kansas City's first baseman and Gregg Jefferies as the third baseman on the ballot, which was released Monday.

Balloting for the July 14 game in San Diego will continue through July 5. The starters will be announced on July 8 and pitchers and reserves will be announced the following day.

New York Mets outfielder Bobby Bonilla and New York Yankees outfielder Danny Tartabull were present for the start of the balloting.

Bonilla voted for Mets in the infield; Eddie Murray at first, Willie Randolph at second, the injured Kevin Elster at shortstop and Bill Pecota at third (220). Bonilla picked former Pittsburgh teammate Barry Bonds in the outfield along with Atlanta's Ron Gant and San Francisco's Willie McGee.

Among Tartabull's selections were Yankees teammates Don Mattingly at first, Pat Kelly at second, Charlie Hayes at third and Roberto Kelly in the outfield.

The Instant Result: Tragedy

Shocking — but All Too Familiar — Scene in Bastia

LONDON — Never again, we promised ourselves — and believed the pledges of authority — will the lives of soccer fans be crushed so cheaply, so negligently.

Yet barely seven years after Bradford and Hysel, and just three since Hillsborough, another tragic veil shrouds European soccer. The scene is distressingly familiar: A child, this time in Corsica, stands amid the tangle of metal and lost lives in a place he was supposedly taken for fun and entertainment.

He may be grieving a relative, he may simply be dumbfounded that adults led him to this. We cannot help him. We are too numb with futility, too weighed down by conscience.

Thirteen dead, and 10 still in critical condition: 863 injured, some unlikely to walk again. It came like a warning bolt from hell on the day UEFA, the European soccer governing body, offered the final forgiveness to England by declaring it host to the 1996 European Championships.

Whereas the English-related disasters involved antiquated structures, the stand that collapsed at Bastia's Furiati Stadium was so new it was not even up one week before it fell.

But again and again, death results from putting safety second to profit.

The temporary structure in Bastia was a quick-fix means of capitalizing on a French Cup semifinal that brought Marseille to Corsica. To double the capacity, double the income, Bastia engaged the nice company Sud-Tribunes to bulldoze the north standing area and erect a temporary tubular-steel, 20-meter-high (65-foot) grandstand containing 9,500 flip-up plastic seats.

This was one all-seater panacea that crashed. Indeed the haste — the innocent haste — to comply with international soccer's sweeping ruling that seated spectators are safe spectators killed in this instance.

FIFA, the world soccer body, condemned temporary stands after — ever after — the tragedy. However, it is unreasonable to expect a small group of administrators in Zurich to police the greed and negligence that wrought such a toll in Bastia.

The very idea of erecting such a structure on flimsy pieces of wood, and not securing them into the sandy ground, beggars belief. It will be a travesty if the one man indicted so far — the supervisor of the construction work — is the only scapegoat in the dock facing charges of involuntary homicide.

That worker's responsibility was for the nuts and bolts of the operation. Men above him made culpable and crass misjudgments and then, by all accounts, added to the danger by whipping up an atmosphere that brought the flimsy structure down.

Reports say that two local safety inspectors gave the go-ahead on the morning of the match against the reservations expressed by the fire department.

And Philippe Broussard, a sports-writer for *Le Monde*, gave a graphic account from his hospital bed,

where he is being treated for back injuries. Three other journalists were killed.

"Loudspeakers were blaring nationalistic music and people were stamping their feet," he said. "There were several announcements asking them not to do so for safety reasons."

Broussard added: "One can have no doubt that after two hours of 9,000 people stamping their feet the uprisings would come off their wooden supports."

The fall came moments before the match was scheduled to start. Players on both sides joined the frantic effort to save victims.

Yet in the acrimony that flowed afterward, Olympique Marseille's team has been labeled innocent for refusing to comply with the French Football Federation's hastily announced decision that Marseille and Monaco would play the final in Paris on Tuesday in aid of the Bastia victims.

Once more, officialdom spoke before it thought. The instinct to appease guilt follows every tragedy everywhere, but this was one time when the humanity of the players was closer to the pulse of a tragedy than the orders of the committee.

If ever we are to believe in the basic human feelings of professional performers, it came from the mouth of Jean-Pierre Papin, captain of Marseille and of France.

"There are people between life and death," he said. "It is difficult to play in these conditions."

Difficult, and wrong. The Cup is a hollow vase this year; the urge to give to dependents will be fulfilled soon enough. And as Papin implies, attempting to play the final while the death count is mounting would be an affront to the living.

ON Wednesday the adventures of Ajax of Amsterdam stand at 2-2 after the UEFA Cup Final first leg in Turin. In the Netherlands, Ajax ought to win, though Torino would be advised to make an attacking finale of it by striking where overzealous Ajax leaves gaps.

The dangers to the Dutch are Walter Casagrande, Torino's Brazilian center-forward who twice equaled in the first leg, and the prospect of \$17,500-a-match victory bonuses tempting Ajax toward pragmatism.

In triumph or defeat, the hard core of Amsterdam fanatic fans might give some thought to Bastia and some dignity to the night.

Come Saturday, Germany has a momentous climax to its reunified league. Eintracht Frankfurt, VfB Stuttgart and Borussia Dortmund are tied at 50 points on one game each to play. All play away games — in Rostock, Duisburg and Leverkusen — and if all achieve similar results, Frankfurt would be champion by virtue of a far superior goal-scoring record.

A tight, nervy finish also builds in Spain. Real Madrid continues to falter at the top after coach coach Raddy Antic to bring back Leo Benhakker. Barcelona, two points behind and thinking of next week's Champions' Cup Final, has been overtaken by Atletico Madrid, for whom Paolo Futre has hit inspiring form during seven consecutive victories.

Atletico's president, Jesus Gil, offers a Rolls-Royce to every player, largesse putting him above the tugs. This was where we came in, discussing greed and instant solutions.

Rob Hughes is on the staff of the *Sunday Times*.

BOOKS

ARCHIBALD MACLEISH: An American Life

By Scott Donaldson. 622 pages. \$35. Houghton Mifflin Co., One Beacon Street, Boston, Massachusetts 02108.

Reviewed by Gilbert Harrison

ARCHIBALD MACLEISH'S greatest literary success, the verse play "J.B.," which was finished when he was 65 and earned him more than the rest of his writing combined, was a radical revision of the Book of Job. Odd, considering that Job's or J.B.'s afflictions have no counterpart in MacLeish's experience. As we see from Scott Donaldson's lengthy and discerning account, he was a winner from start to finish.

Son of a well-to-do Chicago businessman and a woman of advanced ideas, young Archie grew up at the turn of the century on a 17-acre estate overlooking Lake Michigan. At Hotchkiss prep school he won all the debating, oratory and composing prizes. Entering Yale in 1915, he was voted the most brilliant and versatile man in his class. At the end of his first year at Harvard Law School, he married Ada Hitchcock and, it being 1917, enlisted in the glorious war.

MacLeish enlisted in the Yale Mobile Hospital Unit, but once in France arranged to be commissioned as a lieutenant in the field artillery. Half the men in

MacLeish's battery were killed, but he by then had been sent home to train recruits. The war over, he resumed law studies at Harvard and formed lasting friendships with Felix Frankfurter and classmate Dean Acheson, among others.

Frankfurter having introduced him to New Republic editor Herbert Croly, MacLeish spent a summer on the N.R. In the fall, he moved to Boston and attached himself to the prestigious law firm of Choate, Hall and Stewart but left it after three years for the literary life in Paris.

He and Ada and their two children, served by a cook, a maid and an Irish nurse, were "dreadfully happy." Ada took singing lessons, they vacationed in Antibes. MacLeish wrote and sat in cafes and rented books by Sylvia Beach. He boxed with Hemingway and was socked in the jaw by a drunken Scott Fitzgerald.

Then back to journalism. Not Herbert Croly this time but Henry Luce (Hotchkiss, Yale, Skull and Bones) and Fortune. His output of articles for Fortune was prodigious. He was by now one of the highest paid journalists in the country.

He couldn't refuse however, when F. D. R. summoned him to Washington to be librarian of Congress (Frankfurter had put in a good word), and there he remained throughout World War II, taking on such other duties as propaganda for the Office of Facts and Figures and the Office of War Information (he thought he should have headed the OWI,

but Elmer Davis got the job), after which he was appointed assistant secretary of state for Cultural and Political Affairs and, later, chief of the U.S. delegation to the organizing conference of Unesco. In all that time, he had never stopped writing poetry, never would. But how good was it?

I cannot judge. Donaldson remarks that "literary reputations flicker and dim, as Archibald MacLeish's surely has." My impression is that today's young poets, when they think of MacLeish at all, remember him for his role in

freeing Ezra Pound from St. Elizabeth's Hospital and don't read him. In his 80s, he was still vigorous. The honors piled up. He died 17 days before his 90th birthday. The creative '20s and '30s continue to fascinate us, and this book does nothing to diminish that. Does it also bring MacLeish to life? Yes, as the artist Peter Hurd does in his competent portraits.

Gilbert Harrison, a former editor-in-chief of the *New Republic*, wrote this for *The Washington Post*.

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION			NONFICTION		
Week	Title	Weeks on list	Week	Title	Weeks on list
1	THE PELICAN BRIEF, by John Grisham	1	1	GIVE WAR A CHANCE, by P. J. O'Rourke	3
2	ALL AROUND THE TOWN, by Mary Higgins Clark	2	2	REVOLUTION FROM WITHIN, by Gloria Steinem	2
3	"IT" IS FOR INNOCENT, by Sue Crawford	3	3	ROGUE WARRIOR, by Richard Marchitto with John Westman	1
4	JAZZ, by Tompkins Novice	4	4	BACKLASH, by Susan Faludi	5
5	RISE OF THE SUN, by Michael Crichton	5	5	DOUBLE CROSS, by Sam Giancana and Chuck Giancana	2
6	FOR LOVE ALONE, by Ivana Trump	6	6	HIGH TREASON 2, by Harrison Edward	4
7	FRENCH SILK, by Sandra Brown	7	7	DEN OF THIEVES, by James B. Stewart	6
8	OH, THE PLACES YOU'LL GO, by Dr. Seuss	8	8	REINVENTING GOVERNMENT, by David Osborne and Ted Gaebler	7
9	DISNEY'S BEAUTY AND THE BEAST	10	9	THE DISUNITING OF AMERICA, by Arthur M. Schlesinger Jr.	1
10	THE ROAD TO ONAHIA, by Robert Ludlum	9	10	MEMORIES, by Ralph Emery with Tom Carter	14
			11	MAUS II, by Art Spiegelman	12
			12	TWO NATIONS, by Andrew Hacker	11
			13	EARTH IN THE BALANCE, by Al Gore	15
			14	HEAD TO HEAD, by Lester Thurow	6
			15	BARCELONA, by Robert Hughes	13

PEANUTS



BEETLE BAILEY



CALVIN AND HOBEES



WIZARD of ID



REX MORGAN



GARFIELD



DOONESBURY



DENNIS THE MENACE



JUMBLE

Unscramble these four Jumble words using the letters in each square to form four ordinary words.

P	A	N	C	O
A	L	V	A	N
C	A	P	M	I
F	U	I	T	T

Print answer here: "□□□□□□"

Yesterday's Jumble: SYLPH WAGON CHUBBY WIZARD
Answer: "Please give me a pound of hamburger and make it lean." —"WHY NOT?"

BLONDIE



SPORTS NBA PLAYOFFS

Trail Blazers Edge Suns in 2d Overtime

PHOENIX, Arizona — The Phoenix Suns have a shot at coming back from their 3-1 deficit in the Western Conference semifinals. And they did win in Portland at the start of the season. But Danny Ainge of the Trail Blazers is taking the realistic view. "They're in the grave, but there's no dirt on them yet," Ainge said Monday night after contributing 25 points and a series of clutch shots to Portland's double-overtime 153-151 victory in the biggest-scoring NBA playoff game ever. The dirt could come Thursday night in Portland's Memorial Coliseum, site of Game 5. "We have our backs to the wall," said Dan Majerle, who gave the Suns their last lead at 151-150 with an off-balance 16-footer with 27.3 seconds to go. "But we're a team that, with our backs against the wall, we really play up to par." The Blazers are 7-0 in playoffs after taking a 2-1 lead. Their 3-1 lead going back to Portland, where they are 37-8 this season, seems overwhelming. Regulation ended at 127-127 and the first overtime wound up deadlocked at 140-140. Clyde Drexler led Portland with 33 points and Terry Porter had 31 points and 14 assists. But Ainge and Kevin Duckworth were the key performers in the late stages. Duckworth, scoreless since the third quarter, had eight points in the second overtime and put the Blazers ahead, 152-151, when he made two free throws with 10.7 seconds left after grabbing an offensive rebound. He was fouled while attempting a jumper in the lane. Porter added one free throw with 3.6 seconds to play, but missed the second shot. After a timeout, Majerle's 40-footer was off the mark. The previous playoff record for points in a game was 285, set when San Antonio beat Denver, 152-133, on April 26, 1983, and matched when Boston routed New York, 157-128, on April 28, 1990. The Blazers were hot in the first quarter, hitting 15 of their first 18 shots and opening up a 15-point lead that held up for a 42-29 edge at the end of the first period. The half ended 74-65 because Ainge hit a 3-pointer at the buzzer, just seconds after Tom Chambers had set the crowd roaring with a basket which cut Portland's lead to six points. "We just gave up too many points in the first half," Coach Cotton Fitzsimmons said. "They were hot and they made their shots." Chambers scored 17 of his 29 points in the second quarter, but fouled out with 27 seconds left in the first overtime. Phoenix starters Tim Perry, Andrew Lang and Kevin Johnson also fouled out, and when Johnson got his sixth just 11 seconds into the second overtime, fans groaned. The Suns' floor leader had 55 points and 14 assists. Jeff Hornacek took up the slack with a 3-pointer to put the Suns ahead 147-146 with 1:44 left, and Cedric Ceballos added a basket 29 seconds later. "I don't think people really understand—you've got to be lucky as well as good," Coach Rick Adelman said. "A bounce here, a pass there, I don't think anybody should be embarrassed about this game." Drexler made two free throws with 1:02 to play in the second overtime and Duckworth added a pair to give the Blazers a 150-149 lead. After Majerle's last basket, Duckworth hit his second pair of foul shots to put Portland ahead to stay.



The Blazers' Terry Porter, flying toward the basket between Kevin Johnson (7) and Andrew Lang.

'Moromania' Rages in Italy, Lo! Gardini Is a Hero Again

By Laura Colby International Herald Tribune PARIS — When Raul Gardini received an honorary degree from the Sorbonne in Paris two years ago, he was cited for his achievements as head of the multinational-Italian group. But at the ceremony, instead of talking about his business empire, he launched into a discourse on the challenges of life in a rough sea and the need for a strong leader. "When you're sailing far away from shore, you're always buffeted by wind and current," he said. "That's why you move forward, you move back a little. That's sailing." That could also describe Gardini's career. Always a risk-taker, he is also used to being buffeted by adverse elements. But with the victory over New Zealand in the America's Cup he is moving forward again, especially in Italy, where he has turned from pariah into hero practically overnight. "I expected this kind of reaction, at least in part," he said Monday. "I was convinced that the Cup would have a very strong impact. And I was right." For the past half a dozen years, the silver-haired, chain-smoking Gardini has been one of the family names talked about in business circles in Italy, rising from a middle-class background to become the head of the Ferruzzi Group, a \$30-billion agricultural, chemical and financial empire founded by his wife's father. Nicknamed Il Contadino, or the peasant, he earned a reputation for boldness, challenging Ma-

9 Are Welcomed Into Basketball Hall of Fame

By Malcolm Moran New York Times Service SPRINGFIELD, Massachusetts — After his mother's funeral several years ago, when it was time for his brothers and sister to return to their homes, Al McGuire had a sobering thought. He had reached the point in his life when reunions were no longer happy occasions. Who knew when they would all be together again? "The next time was when we'd be on the other side of the grass," he said. McGuire had overlooked one thing: the possibility of Monday night. His family, friends and former Marquette University players joined en masse from across the country at the Springfield Civic Center for the enshrinement of the class of 1992 at the Basketball Hall of Fame. McGuire is one of nine new members, the Hall of Fame's largest group in 32 years, one that reflects the growth of the game. Lusia Harris-Stewart, a member of the first U.S. Women's Olympic team in 1976 and three national champions at Delta State in Mississippi, and Nera White, a 10-time most valuable player of the Amateur Athletic Union tournament, became the first women to be inducted as players. "It's about time," Harris-Stewart said with a gracious smile. Below, a leader of the 1972 Soviet team that won the gold medal at the Summer Olympics in Munich, became the first to join under the new category of international players. Below, who was unable to attend because of complications in obtaining a visa, wrote a letter that said: "For me, it's a dream to be in the Hall of Fame. I am proud to be the first Soviet player in the Hall of Fame. It is very important to me." The others inducted are Lou Carnesecca, Connie Hawkins, Jack Ramsey, Bob Lanier and the late Phil Woopert. The St. John's teams coached by Carnesecca, who never played a college game at the varsity level, won 526 games, and his New York Nets reached the finals of the 1972 American Basketball Association playoffs. Hawkins, whose creativity and athleticism made him a legend at Boys High School in Brooklyn more than 30 years ago, overcame unfounded allegations that he was connected to a 1961 point-shaving scandal to become a four-time National Basketball Association all-star. The teams Ramsay coached at the high school, college and professional levels won 1,164 games. His total of 864 coaching victories in the NBA — including the 1977 championship with the Portland Trail Blazers — is second to that of Red Auerbach. Ramsay, whose teams at St. Joseph's University won 234 games to 11 seasons, began by shooting at a basket over a barn in Millford, Conn. "To think from there I could get here," he said. "Even though it's not far in miles, the distance is unbelievable." Lanier represented the Detroit Pistons and Milwaukee Bucks in eight NBA All-Star Games. And Woopert coached the University of San Francisco teams, with Bill Russell and K.C. Jones, to consecutive championships in 1955 and 1956. "This may be the part of basketball he loved the most," Woopert's son, Phil Jr., said Monday. "The interaction with the other coaches and players. Other coaches trying to exaggerate their looks." The newest members had been standing near the metallic likenesses that will appear in the Hall of Fame. "I know it's difficult to undo what nature has done," Carnesecca said. "But really, I must be better looking than that." As Lanier laughed, Hawkins said, "I think me and Bob are the best-looking guys over there. Al McGuire and those guys — they're really old." McGuire's black suit made him appear the way he did on that 1977 night in Atlanta when his Marquette team, which had lost seven games in the season, defeated North Carolina for a national championship in his final game as a coach. Dean Smith, the losing coach that night, introduced McGuire on Monday night.

Penguins Beat Rangers, 3-2

The Associated Press NEW YORK — Jaromir Jagr did his best impression of Mario Lemieux, and the Pittsburgh Penguins got the best of the New York Rangers. "He was the key. If he didn't step forward, we weren't going to win the game," said Pittsburgh defenseman Larry Murphy after Jagr led the Penguins to a 3-2 victory over the Rangers on Monday night. That gave the defending Stanley Cup champions a 3-2 lead in the best-of-seven Patrick Division series and put them on the doorstep of the Wales Conference finals against Boston. They can clinch the division championship with a victory in Game 6 on Wednesday night in Pittsburgh. With his more celebrated teammate sidelined by a broken hand, Jagr provided some Lemieux-like toughness — a penalty-shot goal in the first period and the game-winner in the third. "Jagr was unbelievable tonight," said Penguins forward Rick Tocchet, a late-season acquisition from Philadelphia. "I didn't know he had that much speed. It's like the defense is in slow motion." "He doesn't seem to work at it, so you don't realize how good he is until you see that nobody can keep up with him." That's usually what they say about Lemieux, the NHL's leading scorer during the regular season and the leading scorer in the Stanley Cup playoffs until he was injured by a slash from the Rangers' Adam Graves in Game 2. "The guys were ready for the game," said Pittsburgh coach Scotty Bowman. "And we got an early power play and we cashed in right away." That happened at 1:15 of the first period when Tocchet scored from the side of the net off a lovely pass from Francis with the Penguins on a power play. Then Jagr was pulled down on a breakaway by Rangers defenseman Brian Leetch and awarded a penalty shot at 7:04. Whalers Fire Johnstone The Hartford Whalers' general manager, Ed Johnston, vilified by fans for trading away several favorite players, was fired on Tuesday. Johnston, who also served as vice president, met with the National Hockey League team's owner, Richard Gordon, late Monday night and reached a parting agreement, the team said. Johnston had three years left on a \$300,000-a-year contract. Johnston's firing had been rumored for days, but he had been in Europe watching the World Championships and meeting with some Whalers prospects. He returned home Monday night. The Whalers finished the season with the third worst record in the NHL, but still made the playoffs. Hartford pushed Montreal to seven games in the first round of the playoffs before being beaten in double overtime. What really hurt the Whalers, however, was dwindling fan support. The average attendance of 10,896 was the fifth straight season attendance dropped and marked a nine-season low. Fans directed much of their anger at Johnston, who traded away their longtime favorites. Among those traded away were Ron Francis, Kevin Dineen, Mike Liut, Dave Tappert, Sylvain Cote and Todd Kygier.

AMERICAN BOAT TAKES 2-1 LEAD

The Associated Press SAN DIEGO — America's recovered from the closest loss in America's Cup history and crushed Italy's Il Moro di Venezia by 1 minute, 58 seconds on Tuesday for a 2-1 lead in the final. In Italy, the Moro's victory in the races leading up to the final have set off what's being called "Moromania," the sort of frenzied fanaticism usually reserved for soccer. In addition to heavy press coverage, the races have been televised on a network owned by Gardini's former employer. Gardini himself is receiving congratulations and eulogies from some of his former enemies, including politicians who were openly hostile to him a year or so ago in impassioned Italy, making it to the finals has at least put the country on the map in yachting, an achievement that makes up for a lot in the past. Despite his proud name, Gardini seems to be trying hard not to gloat about his victories. "We're not in danger of being overoptimistic, just like we weren't over pessimistic before the race started," he said during the runoff with New Zealand. "We're a strong team, and we're ready to manage victory, and to absorb defeat." So even if the tide turns for Gardini and Il Moro in the final, and he doesn't achieve his goal of bringing the next America's Cup tournament to Venice, he seems to face smoother sailing ahead, and perhaps a comeback. "Perhaps," he mused recently. "We can do what we're doing in the America's Cup in Italy, too."

SCOREBOARD

Table with columns for Baseball, Basketball, Hockey, and Cycling, listing various games and scores.

Large advertisement for AT&T USADirect service, featuring the slogan 'OUT OF THE LOOP?' and contact information for international calling.

Table listing international telephone numbers for various countries, including Australia, Canada, Europe, and others.

OBSERVER

Where Was the Butler?

By Russell Baker
NEW YORK—In the good old murder-mystery days the butler did it. Yet he still hasn't even been hauled in for questioning in the Los Angeles case. He's the only one who hasn't.

his bed. Why try a man like this? It could end in another day of the lousiest, and the object now is to forget the last one with a maximum of obfuscation and a minimum of expenditure.

By William Grimes

NEW YORK—Broadway beckons at the Museum of the City of New York, where a long-running exhibition chronicles more than a century of the city's musical theater.



Director Robert R. Macdonald denies that the collections suffer from neglect.

"They were warped and filthy," she said. "They require major restoration. The curator who showed me the paintings said, 'You think this is bad, you should see the costume collection.'"

"Broadway: 125 Years of Musical Theater," an exhibition sponsored by IBM last year, calling it "the largest theater exhibition ever held in this city," and the publication of a book with the same title.

PEOPLE

Brodsky's Topical Play Ends His Laureate Years

Joseph Brodsky, the Russian poet who became the United States' poet laureate, is ending his one-year term with a satirical play called "Democracy," dealing with the change in a small East European country from communist rule to democracy in a way that recalls the old Moscow joke: "Capitalism: exploitation of man by man; Communism: it's the other way around." Brodsky's own analysis: "It is a grand guignol — with a comedic slant." Reviewer writes: "Brodsky's last act as poet laureate will be to give a reading of his poetry Thursday at the Library of Congress."

The Card-Collector's Prize Guide Landed an Exclusive Interview with H. Norman Schwartz and Got the Lowdown on the Retailer's Card-collecting Past

The Card-Collector's Prize Guide landed an exclusive interview with H. Norman Schwartz and got the lowdown on the retailer's card-collecting past. In the July issue Stormin' Norman reveals that he collected Toppis airplane cards as a kid, but "never really got into" sports cards.

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Theater award season rolls on in New York. The Drama Critics' Circle named "Dancing at Lughnash" by Brian Friel the best play of the 1991-92 season and "Two Trains Running" by August Wilson as best American play. No award was given for best musical. The Drama Desk chose "Crazy for George" as a musical with old George and his Gertrude songs, as best musical of the season, and "Marvin's Room" Comedy-Drama, about a dying woman and her family, as best play.

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Appears on Page 19

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